

7.23.2019
New Business
Agenda

**PLANNING AND
ECONOMIC
DEVELOPMENT
STANDING
COMMITTEE**



Housing and Revitalization
Department

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 908
Detroit, Michigan 48226

Phone: 313.224.6380
Fax: 313.224.1629
www.detroitmi.gov

06/25/2019 **69**

Detroit City Council
1340 Coleman A. Young Municipal Center
Detroit, MI 48226

Re: Request for a Public Hearing to Establish an Obsolete Property Rehabilitation District on behalf of RAINCHECK DEVELOPMENT, LLC in the area of 40 Hague Street, Detroit, Michigan, in accordance with Public Act 146 of 2000 (Petition # 895).

Honorable City Council:

The Housing and Revitalization Department has reviewed the application of **RAINCHECK DEVELOPMENT, LLC** and find that it satisfies the criteria set forth by P.A. 146 of 2000 and would be consistent with development and economic goals of the Master Plan.

Prior to acting upon a resolution to recommend approval, a public hearing must be held, and the City Clerk must provide written notice of the public hearing to the assessor and to the governing body of each taxing unit that levies an ad valorem tax within the eligible district, said notice is to be made **not less than 10 days or more than 30 days prior** to your Honorable Body's adoption of said resolution.

We request that a Public Hearing be scheduled on the issue of establishing an Obsolete Property Rehabilitation District. Attached for your consideration, please find a resolution establishing a date and time for the public hearing.

Respectfully submitted,

Donald Rencher
Director

DR/(AM)

cc: S. Washington, Mayor's Office
M. Cox, P&DD
D. Rencher, HRD
A. McLeod, HRD

BY COUNCIL MEMBER _____

WHEREAS, pursuant to Public Act No. 146 of 2000 (“the Act”) this City Council may adopt a resolution which approves the application of an Obsolete Property Rehabilitation District within the boundaries of the City of Detroit; and

WHEREAS, (APPLICANT) has filed an application for an Obsolete Property Rehabilitation District whose boundaries are particularly described in the map and legal description attached hereto; and

WHEREAS, prior to such approval, the City Council shall provide an opportunity for a Public Hearing, at which Public Hearing on such adoption of a resolution providing such tax exemption, at which Public Hearing representatives of any taxing authority levying *ad valorem* taxes within the City, or any other resident or taxpayer of the City of Detroit may appear and be heard on the matter.

NOW THEREFORE BE IT

RESOLVED, that on the _____, 2019 in the City Council Committee Room, 13th floor, Coleman A. Young Municipal Center, a Public Hearing be held on the above described application and be it finally

RESOLVED, that the City Clerk shall give notice of the Public Hearing to the general public and shall give written notice of the Public Hearing by certified mail to all taxing authorities levying an *ad valorem* tax within the City of Detroit.

Janice M. Winfrey
City Clerk

City of Detroit
OFFICE OF THE CITY CLERK

Caven West
Deputy City Clerk/Chief of Staff

DEPARTMENTAL REFERENCE COMMUNICATION

Wednesday, May 29, 2019

To: The Department or Commission Listed Below

From: Janice M. Winfrey, Detroit City Clerk

The following petition is herewith referred to you for report and recommendation to the City Council.

In accordance with that body's directive, kindly return the same with your report in duplicate within four (4) weeks.

HOUSING AND REVITALIZATION LAW DEPARTMENT
PLANNING AND DEVELOPMENT DEPARTMENT LEGISLATIVE POLICY DIVISION

895 *RainCheck Development, LLC, request to establish and Obsolete Property Rehabilitation District at 40 Hague Street, Detroit, MI 48202.*



May 15, 2019

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave Suite 1340
Detroit, MI 48226

**RE: Request for the Establishment of an Obsolete Property Rehabilitation Act (OPRA)
District at 40 Hague Street, Detroit, Michigan 48202 for RainCheck Development,
LLC**

Honorable City Council:

Please accept this letter as a request to establish an Obsolete Property Rehabilitation District (OPRD) for the property located at 40 Hague Street, Detroit, Michigan 48202, which is referred to herein as the "Property" and described on Attachment A. The Property will be rehabilitated by the petitioner and current owner, RainCheck Development, LLC.

Company and Project Synopsis

RainCheck Development, LLC (the "Developer") is led by Neal Check. Mr. Check serves as the manager and has worked more than 25 years in the low voltage industry, providing lighting, security, entertainment systems, and home automation services via SoundCheck, Inc. Check then combined his extensive tech-based knowledge with a passion for developing construction projects, kicking off a new venture in single family residential development that feature smart-home technology. Thus, TechHome Building Co., LLC was formed. Currently, RainCheck Development has a new townhome development underway on 4th Street in Midtown Detroit that highlights these smart home features. Their development experiences continues in New Center, where RainCheck has purchased and is renovating the historic Sanders Confectionary on Woodward Avenue.

The proposed OPRD contains three parcels. 40 Hague contains the current building and is approximately 0.49 acres. 8524 Woodward Avenue is approximately 0.16 acres contains the southwestern parking lot. The third and final parcel at 59 East Philadelphia Street is the southeastern parking lot and is approximately 0.86 acres. The property is roughly bounded by Hague Street to the northwest, an alleyway to the northeast, the property line and East Philadelphia Street to the southeast, and Woodward Avenue to the southwest. The OPRD is located in the North End Neighborhood of Detroit with the northern terminus of the Q-Line located approximately one-half mile south along Woodward. The property is currently occupied by a vacant 2-story office building totaling approximately 37,000 square feet and two parking lots. The building was previously occupied by the nonprofit World Hope.

The proposed project will entail the rehabilitation of the current building into 38 residential apartment units. Each unit will include new, modern appliances, and feature open, loft-style floor plans. As part of the rehabilitation, the building will receive new utility distribution including electrical and plumbing, new energy efficient heating, cooling and ventilation systems, new energy efficient windows and doors, kitchen and bathroom cabinetry, appliances, and fixtures,

CITY CLERK JUNE 2019

***Request for Establishment of an Obsolete Property Rehabilitation District at
40 Hague Street, Detroit MI 48202
for RainCheck Development, LLC***

an improved access stairwell, and repairs to the building structure as needed. The structure will also be brought up to code, as applicable.

The Necessity for Tax Relief

Substantial investment is necessary to rehabilitate the area into a viable, long-term development. Additionally, the underutilized property will require repair and selective demolition with the property rehabilitation. The overall internal rate of return for the proposed development will be extremely low without the receipt of the Obsolete Property Rehabilitation District (and Certificate), and therefore, the development would not be possible without it.

The costs associated with the rehabilitation require multiple capital sources including equity contributed by 40 Hague. Members as well as an interim construction loan, and upon completion, a long-term loan product. In order to secure this financing and future tenants, the operating costs of the proposed renovations and redevelopment of the project need to be kept as low as possible (including property taxes).

PA 146 Request

A 12-year abatement is being requested.

Economic Advantages of the Rehabilitation

Upon completion, the Development will return an obsolete property to productive use and will increase residential density in an area characterized by disinvestment. Activation of this property will spur further growth and act as a catalyst for future redevelopment of numerous vacant and blighted properties along Hague Street, and the Woodward Avenue corridor of the North End Neighborhood, providing spinoff consumer spending in an area that is currently left out of redevelopment planning.

The granting of the OPRA tax abatement will not result in any fewer taxes to the City of Detroit in the short-term or long-term. On a short-term basis approximately 18 construction jobs will be created. The general contractor, Monahan Co, has several Detroit-based subcontractors that they have used in the past and that they have requested bids from to ensure Detroit-based contractors and workers benefit from the redevelopment.

Upon successful redevelopment, the proposed redevelopment associated with the Development will create approximately one full-time equivalent (FTE) job related to the management and maintenance of the property. This new job, along with the new residents living at the development, will generate increased income taxes for the City of Detroit.

Following expiration of the 12-year abatement the building will deliver a significant increase in tax revenue. Over time, the successful redevelopment and cultural growth will a positive impact on the neighborhood.

Closing

RainCheck Development, LLC, is composed of seasoned professionals with extensive experience in residential development throughout Metro Detroit.

***Request for Establishment of an Obsolete Property Rehabilitation District at
40 Hague Street, Detroit MI 48202
for RainCheck Development, LLC***

Members of the Development team are in process of reaching out to members of the North End community and neighboring property owners regarding the anticipated improvements and garnering meaningful feedback.

The team is looking forward to pursuing this redevelopment and creating a community space within Detroit's central North End Neighborhood.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'NEC', is positioned above the printed name and contact information.

Neal Check
Founder and Owner
RainCheck Development, LLC
248-866-7900
neal@soundcheckllc.com

Attachment A: Detailed Project Description
Attachment B: Parcel Map

Attachment A

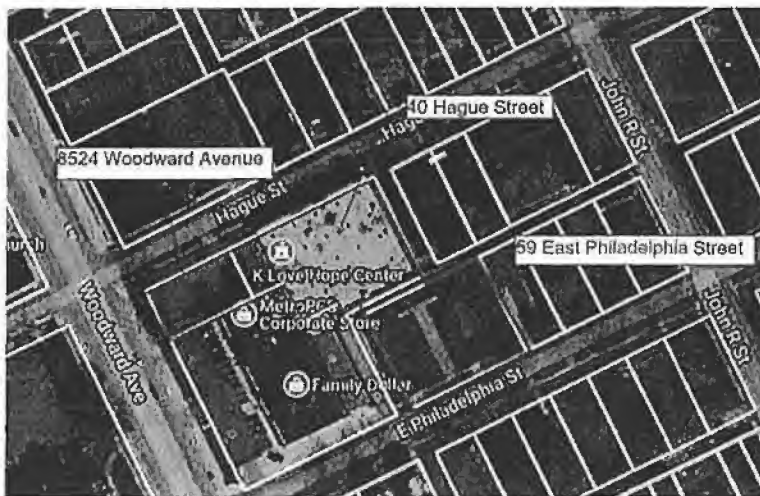
Detailed Project Description

General Description

The proposed Development is comprised of 8524 Woodward Avenue, 40 Hague Street, and 59 East Philadelphia Street in Detroit's North End Neighborhood. The property is loosely bounded by Hauge Street to the north, an alley to the east, East Philadelphia Street to the south, and the property line/Woodward Avenue to the west. The property consists of three parcels, which are outlined in the map below.



The property has historically been utilized as residential dwelling and various business, including printing and engraving businesses, professional offices, schools, and automotive sales and service businesses. The proposed project currently consists of renovating the building at 40 Hague Street to create 38 residential apartment units. New entry drives and will be created in addition to parking lot improvements at the existing parking lot of 59 East Philadelphia Street.



The associated address and parcel identification number can be found below and a copy of the corresponding legal description can be found at the end of this attachment.

Description of Proposed Use

The proposed redevelopment will create additional housing and increased residential density in an area of the North End Neighborhood that has been behind the curve for investment and redevelopment. The proposed project will entail the rehabilitation of the current building into 38



residential apartment units. The proposed development will include approximately 36,700 square feet of living space, divided into two studios, 28 one-bedroom units, and eight two-bedroom layouts. Each unit will include modern, open, loft-style floor plans. A minimum of 20% of the units will be priced to meet affordable unit requirements for 80% of the Area Median Income (AMI).

Greenspace will be incorporated throughout the development; a landscaped interior courtyard will feature eating areas and a rooftop garden offers a unique place for residents to relax and entertain. Further greenspace will be created by converting the western parking lot (8524 Woodward Avenue) into a fenced private park for residential use.

Nature and Extent of the Rehabilitation

As part of the rehabilitation, the building will be demolished internally and restructured to make room for apartment units. The building will receive new utilities including electrical and plumbing, new energy efficient heating, cooling and ventilation systems for each individual unit, new energy efficient windows and doors. Kitchens and bathrooms will receive new cabinetry, appliances, and fixtures. A new access stair tower will be constructed which will lead to the roof top garden and sitting area. An open-air courtyard will be created in the center of the building to provide an outdoor eating space. Repairs to the building structure will be completed as needed, and made include replacing the roofing system, stone masonry repair, and other activities to honor the building's historic appearance. The structure will also be brought up to code, as applicable.

Furthermore, the western parking lot, 8524 Woodward Avenue will be improved as a private park for residents. The other parking lot at 59 East Philadelphia Street will be utilized for residents' parking and will receive improvements, including the installation of bioswales and reconfiguration for a more efficient layout.



Existing building located at 40 Hague Street



Current interior conditions of 40 Hague Street



The Development will create residential tenant space for, and encourage, Detroiters to populate these spaces. These developments are necessary components crucial to attracting resident and visitor interest along with investment in this blighted area of Detroit.

Raincheck Development, LLC intends to apply for a 12-year real property tax abatement under the provisions of an Obsolete Property Rehabilitation Act tax abatement.

Descriptive List of the Fixed Building Equipment/Renovations

Renovations and new fixed building equipment and materials for the project include;

- Site Work; water and sewer connections, parking lot improvements, landscaping, and creating a private park at 8524 Woodward Avenue
- Concrete; new main entrance and curb/sidewalk repair
- Masonry; restoration activities associated with the existing building
- Steel; structural steel staircase expansion and balconies
- Carpentry; framing, kitchen cabinetry, vanities, trim work
- Thermal and Moisture Protection; replace roofing system, weather proof new courtyard walls, caulking and sealing, waterproofing
- Doors and Windows; exterior doors, interior doors/frames/hardware, windows
- Fire alarm/suppression system.
- Mechanical; plumbing and HVAC
- Electrical; electrical work, security system, and communications

- Finishes; drywall and steel studs/insulation, concrete polishing, floor repair, stairs, hard tile, painting
- Specialties; ADA Lift (If required), fire extinguishers, unit appliances, toilet accessories and mirror, interior signage, and mailboxes.

Total construction hard cost investment is estimated at approximately \$4.6 Million, with a total investment of approximately \$7 Million.

Time Schedule

Construction activities are anticipated to commence late summer of 2019 and last 6-9 months.

Statement of Economic Advantages

The proposed Development will bring needed investment to a vacant area of Detroit's North End Neighborhood. The Development will increase residential density in an area that is characterized by vacancy and has the perception of being unsafe. Activation of this property will spur further growth and infill development, and act as a catalyst for future redevelopment of numerous vacant and blighted properties along the Woodward Avenue corridor and the surrounding neighborhoods and provide spinoff consumer spending in the North End.

The granting of the tax abatement will not result in any fewer taxes to the City of Detroit in the short-term or long-term. Upon successful redevelopment, the Development will generate increased property taxes, through the newly renovated apartment building.

On a short-term basis approximately 18 full-time equivalent (FTE) construction jobs will be created for a construction period of approximately 8-12 months.

On a long-term basis the proposed redevelopment associated with the District will create approximately one FTE job and anticipated to house approximately 82 new Detroit residents within the 38 units. Therefore, it is anticipated the City of Detroit will collect approximately 2.4% income tax per resident per year. The table below illustrates the resident tax impact the development will have following completion.

Residential Benefits	Annual Amount
Approximately 82 residents	
Per Capita Income x Residents x 2.4%	\$61,284
\$31,140 x 82 x 2.4%	
One FTE permanent job	
\$45,000 x 1 x 2.4%	\$1,080
Total	\$62,364

Detroit's North End Neighborhood was once an important hub of automobile production in the early 20th century, housing more than 50,000 workers. Additionally, several popular Motown musicians including Aretha Franklin and Diana Ross called the neighborhood home. The North End is just beginning its renaissance of infill housing projects to revitalize a vibrant neighborhood. The proposed 40 Hague Redevelopment project is part of the neighborhood's transitional area

between the commercial nature of Woodward Avenue and the residential neighborhood branching east. The 40 Hauge Redevelopment works to transform an underutilized Property into a contemporary residential apartment building and will increase residential density in an area that is characterized by vacancy and has the perception of being unsafe. Investment such as this will help create an integrated and vibrant North End for all Detroiters.

Following expiration of the 12-year abatement the building will deliver a significant increase in tax revenue. Over time, the successful redevelopment and cultural growth will have a city-wide impact.

Legal Description

Parcel Number: 01002660-0

Address: 40 Hague Street

Acres: 0.49

Legal Description:

S HAGUE 20 E 150 FT 21 EXC W 50 FT OF S 16 FT HAIGHS L13 P29 PLATS, W C R 1/112 SPLIT/COMBINED ON 03/23/2017 FROM 01002600., 01004332.;

Parcel Number: 01004332

Address: 8524 Woodward Avenue

Acres: 0.16

Legal Description:

E WOOWARD W 110 FT 20HIAGHS SUB L13 P29 PLATS, W C R 1/112 65 X 110 Split on 03/23/2017 with 01002660. Into 01002660-0;

Parcel Number: 01002605-7

Address: 59 East Philadelphia Street

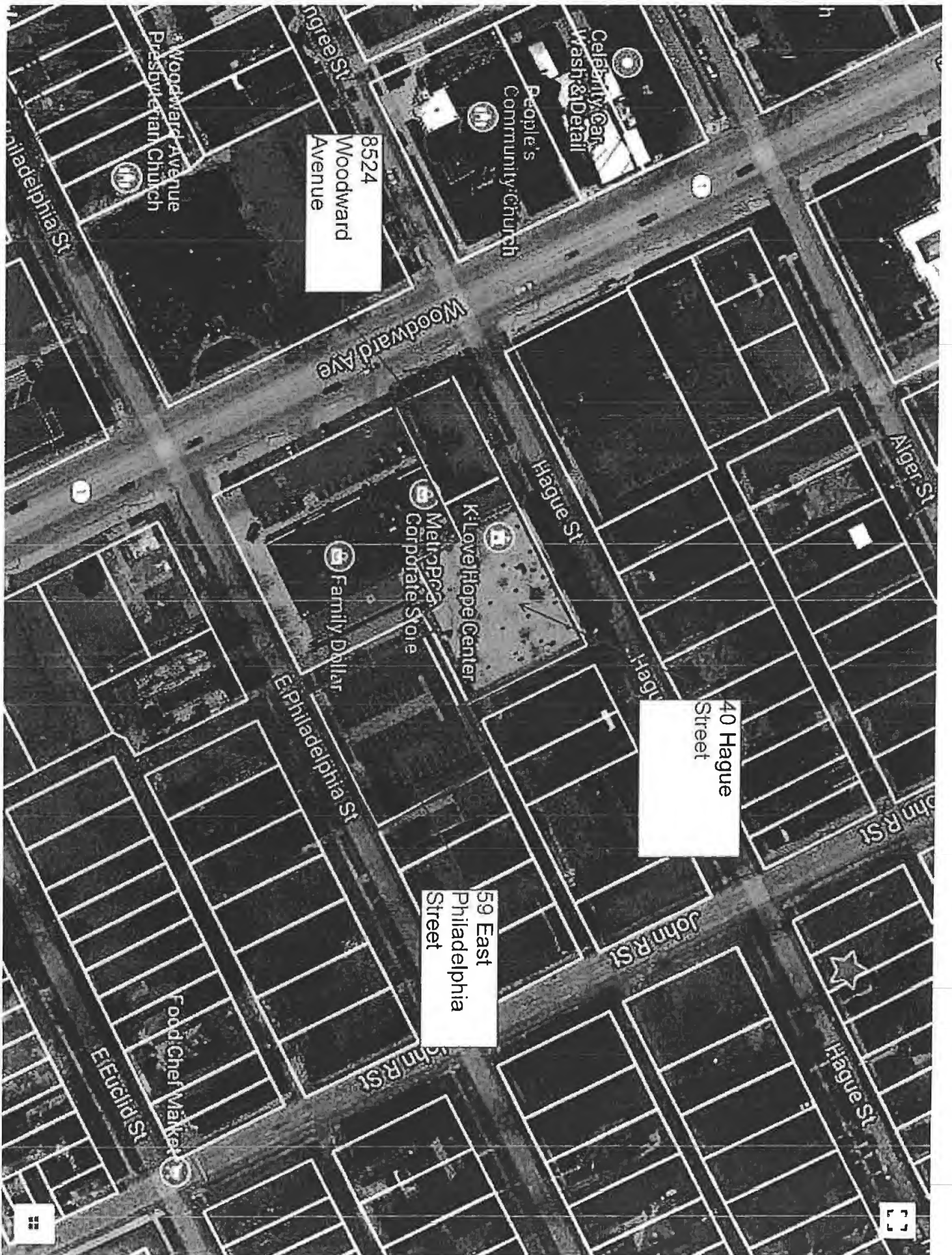
Acres: 0.86

Legal Description:

N PHILADELPHIA 5 THRU 7BELA HUBBARDS L21 P7 PLATS, W C R 1/111 150 X 125

Attachment B

Parcel Map



8524
Woodward
Avenue

40 Hague
Street

59 East
Philadelphia
Street

2019-05-29

895

895 *Petition of RainCheck Development,
LLC, request to establish and Obsolete
Property Rehabilitation District at 40
Hague Street, Detroit, MI 48202.*

REFERRED TO THE FOLLOWING DEPARTMENT(S)

HOUSING AND REVITALIZATION LAW DEPARTMENT
PLANNING AND DEVELOPMENT DEPARTMENT
LEGISLATIVE POLICY DIVISION



TO: Ashley McCleod, Housing and Revitalization
FROM: Esther Yang, Planning and Development
RE: Master Plan Interpretation for **Obsolete Property District** (PA 146) at 40 Hague Street and 59 E. Philadelphia Street
[Petition #895]
DATE: June 13, 2019
CC: Maurice Cox, Director, Planning and Development
Kevin Schronce, Central Region, Planning and Development

In order to ensure that the **creation** of an **Obsolete Property District** is in conformance with the City's Master Plan of Policies and will have the reasonable likelihood to increase commercial activity; create, retain or prevent a loss of employment; revitalize an urban area; or increase the number of residents in a community, pursuant to State of Michigan, Public Act 146 of 2000 (section 125.2788), the Planning and Development Department submits the following interpretation. The Petitioner is RainCheck Development LLC

Location and Project Proposal: 40 Hague Street and 59 East Philadelphia Street

Note: *40 Hague Street and 59 East Philadelphia Street; 8524 Woodward Avenue is an address that does not exist and may be a retired parcel. According to city records, the property located at indicated 8524 Woodward is absorbed into the parcel with the address of 40 Hague Street.*

The project proposal seeks to renovate existing structure to create 38 residential apartment units and parking lot improvements on 59 E. Philadelphia Street. The proposed development will include 36,700 square feet of living space divided into 2 studios, 28 one-bedroom units, and 8 two-bedroom layouts. A minimum of 20% of units will be priced to meet affordable unit requirements for 80% of the Area Median Income. Greenspace will be incorporated throughout the development; a landscaped interior courtyard will feature eating areas and a rooftop garden. Further greenspace will be created by converting western parking lot into a fenced private park for residential use.

Master Plan Interpretation

The subject sites are located on areas designated as Neighborhood Commercial and Low/Medium Density Residential (RLM)

The subject site area is designated **Neighborhood Commercial (CN)**. Neighborhood Commercial Districts generally consist of a large collection of contiguous storefronts along a street or streets. This commercial type is pedestrian oriented with wide sidewalks and landscaping. Parking should be on the street, in structures (with ground floor retail), at the rear of commercial establishments or in concentrated nodes at the periphery of the area. In addition to commercial uses, Neighborhood Commercial areas may also include institutional uses such as libraries and post offices.



The subject site area is designated **Low/Medium Density Residential (RLM)**. Low/Medium Density Residential areas should have an overall density of 8 to 16 dwelling units per net residential acre. The areas are often characterized by two or four family homes with small yards, on-street parking, or garages with alley access. The residential classifications allow for neighborhood-scale commercial development. For instance, in a Low/Medium Density Residential area, small scale commerce (e.g. convenience stores) should exist to serve residents' day-to-day needs.

The following policies of the Middle Woodward neighborhood describe the following recommendations:

- Goal: 3 Increase Residential Density
- Policy 3.1 Develop East and West Grand Boulevard, and Woodward as a high-density mixed use area, with housing and ground-floor commercial

The project proposal seeks to convert the interior of an existing structure that states former building operations to include residence, printing and engraving services, professional offices, schools, and automotive sales and services into high-density residential. The subject site is zoned B4 where multi-family dwellings are conditional. The proposed impacts are primarily internal within the structure with external landscaping upgrades and are not believed to have a negative impact on the character of the surrounding area.

The proposed development conforms to the Future General Land Use recommendations for this area.

Attachments

Future General Land Use Map: Neighborhood Cluster 4, Middle Woodward; Map 4-7B



Map 4-7B

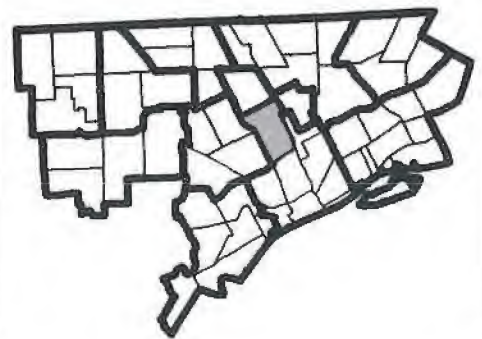
City of Detroit
Master Plan of
Policies

Neighborhood Cluster 4 Middle Woodward



Future Land Use

Low Density Residential (RL)	Thoroughfare Commercial (CT)	Mixed - Town Center (MTC)
Low / Medium Density Residential (RLM)	Special Commercial (CS)	Recreation (PRC)
Medium Density Residential (RM)	General Industrial (IG)	Regional Park (PR)
High Density Residential (RH)	Light Industrial (IL)	Private Marina (PRM)
Major Commercial (CM)	Distribution / Port Industrial (IDP)	Airport (AP)
Retail Center (CRC)	Mixed - Residential / Commercial (MRC)	Cemetery (CEM)
Neighborhood Commercial (CN)	Mixed - Residential / Industrial (MRI)	Institutional (INST)





CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 824
DETROIT, MICHIGAN 48226
(313) 224-3011 • TTY: 711
(313) 224-9400
WWW.DETROITMI.GOV

June 18, 2019

Maurice Cox, Director
Planning & Development Department
Coleman A. Young Municipal Center
2 Woodward Ave, Suite 808
Detroit, MI 48226

Re: **Obsolete Property Rehabilitation District – RainCheck Development LLC**
Address: 40 Hague and 59 E. Philadelphia
Parcel Numbers: 01002660-0 and 01002605-7

Dear Mr. Cox:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation District located at **40 Hague and 50 E. Philadelphia** in the **North End** neighborhood in the City of Detroit.

The rationale for creating Obsolete Property Rehabilitation Districts under PA 146 of 2000, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

RainCheck Development LLC intends to rehabilitate the building into 38 loft style residential units with modern appliances. The two-story building at 40 Hague is currently vacant and consist of 36,944 square feet of office building area, built in 1935 and situated on .658 acres of land. The property at 58 E. Philadelphia consists of a paved parking lot on .430 acres of land. Rehabilitation will include new utility distribution, including electrical and plumbing, new energy efficient heating, cooling and ventilation systems, new energy efficient windows and doors, kitchen and bathroom cabinetry, fixtures and an improved access to the stairwell with repairs to the building structure as needed.

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation also includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition.

A field investigation indicated that the proposed Obsolete Property Rehabilitation District located at **40 Hague and 50 E. Philadelphia** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors

mmp



Obsolete Property Rehabilitation District
RainCheck Development LLC
Page 2

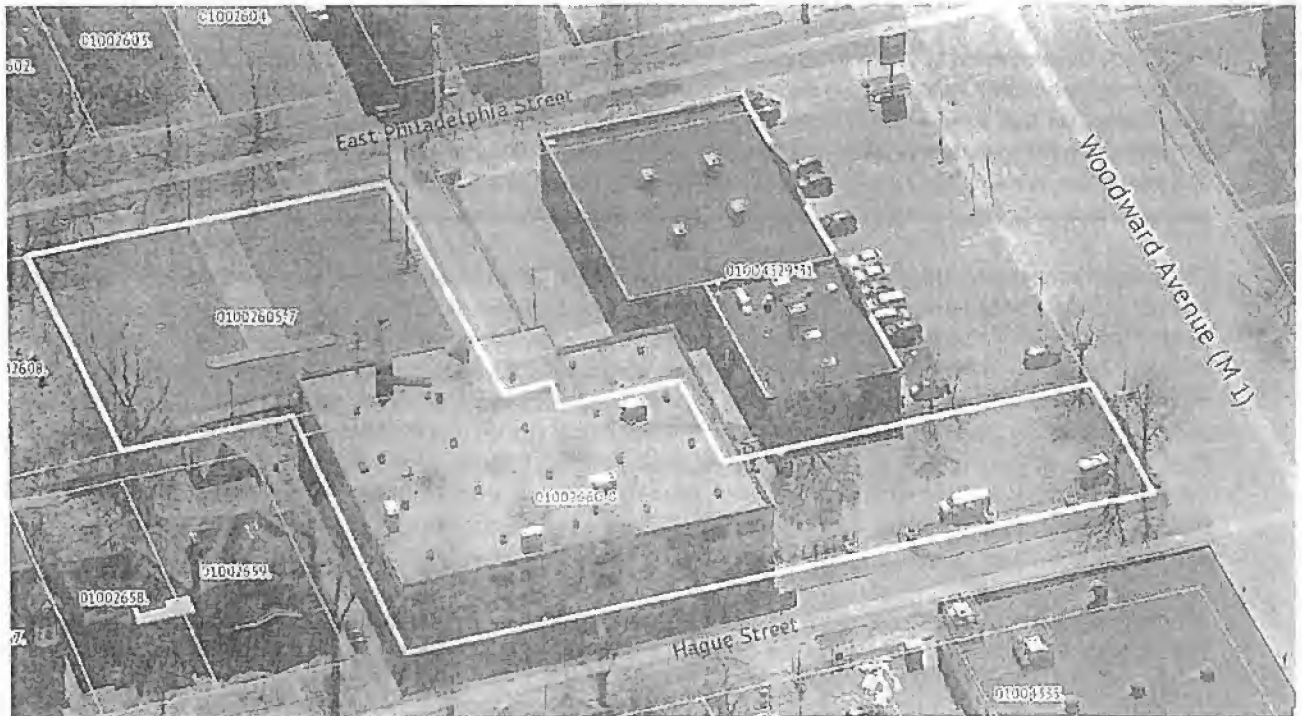
Property Address: 40 HAGUE
Parcel Number: 01002660-0
Property Owner: RAINCHECK DEVELOPMENT LLC
Legal Description: S HAGUE 20 E 150 FT 21 EXC W 50 FT OF S 16 FT HAIGHS L13 P29 PLATS, W C R 1/112

SPLIT/COMBINED ON 03/23/2017 FROM 01002660., 01004332 (8524 Woodward).;

Property Address: 59 E. PHILADELPHIA
Parcel Number: 01002605-7
Property Owner: RAINCHECK DEVELOPMENT LLC
Legal Description: N PHILADELPHIA 5 THRU 7BELA HUBBARDS L21 P7 PLATS, W C R 1/111 150 X 125

SPLIT/COMBINED ON 03/23/2017 FROM 01002660., 01004332.;

The legal description matches the OPRA district request.





CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
DETROIT, MICHIGAN 48226
(313) 224-6380 • TTY:711
(313) 224-1629
WWW.DETROITMI.GOV

70

July 18, 2019

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave., Suite 1340
Detroit, MI 48226

Re: Request for Public Hearing to Approve an Obsolete Property Rehabilitation Certificate on behalf of Metropolitan Hotel Partners, LLC in the area of 33 John R Street, Detroit, Michigan, in accordance with Public Act 146 of 2000 (Petition #436).

Honorable City Council:

The Housing and Revitalization Department and Finance Departments have reviewed the application of **Metropolitan Hotel Partners, LLC** and find that it satisfies the criteria set forth by P.A. 146 of 2000 and would be consistent with development and economic goals of the Master Plan.

Public Act 146 of 2000 states that the legislative body of the qualified local governmental unit, shall by resolution either approve or disapprove the application for an Obsolete Property Rehabilitation Exemption Certificate in accordance with Section 8 and other provisions of this act. Prior to acting upon a resolution to recommend approval, a public hearing must be held, and the City Clerk must provide written notice of the public hearing to the assessor and to the governing body of each taxing unit that levies an ad valorem tax within the eligible district.

We request that a Public Hearing be scheduled on the issue of approving the application for the Obsolete Property Rehabilitation Certificate. Attached for your consideration, please find a resolution establishing a date and time for the public hearing.

Respectfully submitted,

Donald Rencher
Director

DR/vf

cc: S. Washington, Mayor's Office
M. Cox, P&DD
D. Rencher, HRD
V. Farley, HRD



BY COUNCIL MEMBER _____

WHEREAS, pursuant to Public Act No. 146 of 2000 (“the Act”) this City Council may adopt resolution which approves the application of an Obsolete Property Rehabilitation Certificate within the boundaries of the City of Detroit; and

WHEREAS, **Metropolitan Hotel Partners, LLC** has made application for an Obsolete Property Rehabilitation Certificate whose boundaries are particularly described in the map and legal description attached hereto; and

WHEREAS, prior to such approval, the City Council shall provide an opportunity for a Public Hearing, at which Public Hearing on such adoption of a resolution providing such tax exemption, at which Public Hearing representatives of any taxing authority levying *ad valorem* taxes within the City, or any other resident or taxpayer of the City of Detroit may appear and be heard on the matter.

NOW THEREFORE BE IT

RESOLVED, that on the _____, 2019 in the City Council Committee Room, 13th floor, Coleman A. Young Municipal Center, a Public Hearing be held on the above described application and be it finally

RESOLVED, that the City Clerk shall give notice of the Public Hearing to the general public and shall give written notice of the Public Hearing by certified mail to all taxing authorities levying an *ad valorem* tax within the City of Detroit.

Janice M. Winfrey
City Clerk

City of Detroit
OFFICE OF THE CITY CLERK

Caven West
Deputy City Clerk/Chief of Staff

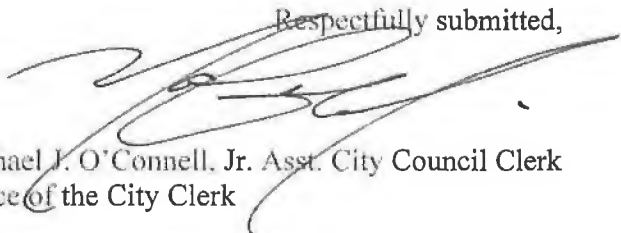
September 24, 2018

To: Maurice Cox, Director
Planning and Development Department
Coleman A. Young Municipal Center
2 Woodward Ave. Suite 908
Detroit, MI. 48226

Re: Metropolitan Hotel Partners LLC

Please find attached an application for an Obsolete Property Rehabilitation Exemption Certificate for property located at 33 John R St. **(RELATED TO PETITION #436 of 2014)**

Respectfully submitted,



Michael J. O'Connell, Jr. Asst. City Council Clerk
Office of the City Clerk

Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by Public Act 146 of 2000, as amended. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

INSTRUCTIONS: File the original and two copies of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and attachments. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption. A statement from the assessor of the local unit of government, describing the required obsolescence has been met for this building, is required with each application. Rehabilitation may commence after establishment of district.

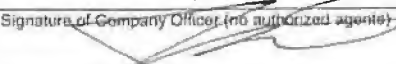
Applicant (Company) Name (applicant must be the OWNER of the facility) Metropolitan Hotel Partners LLC		
Company Mailing address (No. and street, P.O. Box, City, State, ZIP Code) 1117 Griswold ST, #1416 Detroit, MI 48226		
Location of obsolete facility (No. and street, City, State, ZIP Code) 33 John R St.		
City, Township, Village (Indicate which) City		County Wayne
Date of Commencement of Rehabilitation (mm/dd/yyyy) 08/18/2016	Planned date of Completion of Rehabilitation (mm/dd/yyyy) 12/31/2018	School District where facility is located (include school code) 82010
Estimated Cost of Rehabilitation \$34,113,692.00	Number of years exemption requested 12	Attach Legal description of Obsolete Property on separate sheet
Expected project likelihood (check all that apply): <input checked="" type="checkbox"/> Increase Commercial activity <input type="checkbox"/> Retain employment <input checked="" type="checkbox"/> Revitalize urban areas <input checked="" type="checkbox"/> Create employment <input type="checkbox"/> Prevent a loss of employment <input type="checkbox"/> Increase number of residents in the community in which the facility is situated Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment _____		
Each year, the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years. Check the following box if you wish to be considered for this exclusion. <input checked="" type="checkbox"/>		

APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by Public Act 146 of 2000, as amended, and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of Public Act 146 of 2000, as amended, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

Name of Company Officer (no authorized agents) James Van Dyle	Telephone Number (313) 963-6118	Fax Number (866) 784-9747
Mailing Address 1117 Griswold ST, #1416 Detroit, MI 48226		Email Address jvandyke@roxburygroup.com
Signature of Company Officer (no authorized agents) 		Title Managing Member

LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

The Clerk must also complete Parts 1, 2 and 4 on Page 2. Part 3 is to be completed by the Assessor.

Signature	Date application received
-----------	---------------------------

FOR STATE TAX COMMISSION USE		
Application Number	Date Received	LUCI Code

CITY CLERK: 21 SEP 2016 1:00 PM

LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application and Instruction items (a) through (f) on page 1, and a separate statement of obsolescence from the assessor of record with the State Assessor's Board. All sections must be completed in order to process.

PART 1: ACTION TAKEN

Action Date: _____		
<input type="checkbox"/> Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years)		
<input type="checkbox"/> Denied		
Date District Established	LUCI Code	School Code

PART 2: RESOLUTIONS (the following statements must be included in resolutions approving)

<p>A statement that the local unit is a Qualified Local Governmental Unit.</p> <p>A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of Public Act 146 of 2000.</p> <p>A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under Public Act 146 of 2000 and under Public Act 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.</p> <p>A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.</p> <p>A statement that a public hearing was held on the application as provided by section 4(2) of Public Act 146 of 2000 including the date of the hearing.</p> <p>A statement that the applicant is not delinquent in any taxes related to the facility.</p> <p>If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.</p> <p>A statement that all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.</p>	<p>A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.</p> <p>A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.</p> <p>A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of Public Act 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district.</p> <p>A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.</p> <p>A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of Public Act 146 of 2000.</p> <p>A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.</p>
--	---

PART 3: ASSESSOR RECOMMENDATIONS

Provide the Taxable Value and State Equalized Value of the Obsolete Property, as provided in Public Act 146 of 2000, as amended, for the tax year immediately preceding the effective date of the certificate (December 31st of the year approved by the STC).

Taxable Value		State Equalized Value (SEV)	
Building(s)			
Name of Governmental Unit	Date of Action on application	Date of Statement of Obsolescence	

PART 4: CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

Name of Clerk	Clerk Signature	Date	
Clerk's Mailing Address	City	State	ZIP Code
	Telephone Number	Fax Number	Email Address

Mail completed application and attachments to: Michigan Department of Treasury
State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

Metropolitan Hotel Partners LLC

Application for Obsolete Property Rehabilitation Exemption Certificate

Application attachments

33 John R ST. Detroit, MI 38226

Metropolitan Hotel Partners LLC

A. General Description

- Year Built: 1925
- Original use: Housed jewelry and watchmakers
- Most recent use: Vacant since 1979
- Number of stories: 14
- Square footage: 122,745

B. General description of the proposed use of the rehabilitated facility:

Mixed-use project including first floor retail and approximately 110 hotel rooms, 2,000 SF meeting room space, food and beverage, gourmet pantry, and a roof-top outdoor patio.

C. Description of the general nature and extent of the rehabilitation to be undertaken:

The rehabilitation includes the complete replacement of all exterior glass, refurbishment of other exterior elements, the demolition of the existing interior partitions, build-out of hotel rooms, and the revamping of the surrounding property with new landscaping and hardscaping.

D. A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility:

The facility will have new HVAC equipment installed on the roof and new fan coil units throughout the new apartment floors. There will also be a centralized domestic hot water system supplied with water heaters. New elevators will also be installed.

E. A time schedule for undertaking and completing the rehabilitation of the facility:

Activity	Completion Date
• Completion of preliminary Property due diligence	Complete
• Securing of preliminary financing commitments	Complete
• Purchase of Property	Complete
• Completion of local entitlement process	Complete

Metropolitan Hotel Partners LLC

• Completion of construction documentation	Complete
• Financial closing and construction commencement	Complete
• Construction completion	Dec. 2018

F. Statement of economic advantages

The rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate. The tax relief is imperative for Developer to proceed with this project. Without such relief, the project would not be able to offer a competitive lease rate to other properties in the neighborhood, all of which have received similar tax abatements. If the planned investments were undertaken without the benefit of this abatement, the resulting tax burden on the building would generate a negative cash flow, and as such, the project could not be financed.

The economic benefits of this project are significant. Apart from saving an important and historic property from near-certain demolition, the project will generate up to 200 construction jobs and up to 25 permanent jobs, associated with the operation of the hotel. In addition, the delivery of 110 new hotel rooms to this important corner will continue the evolution of the Central Business District into a high-density hotel neighborhood, which in turn, will support the increasing number of entertainment and conference activities that will be coming to the city.

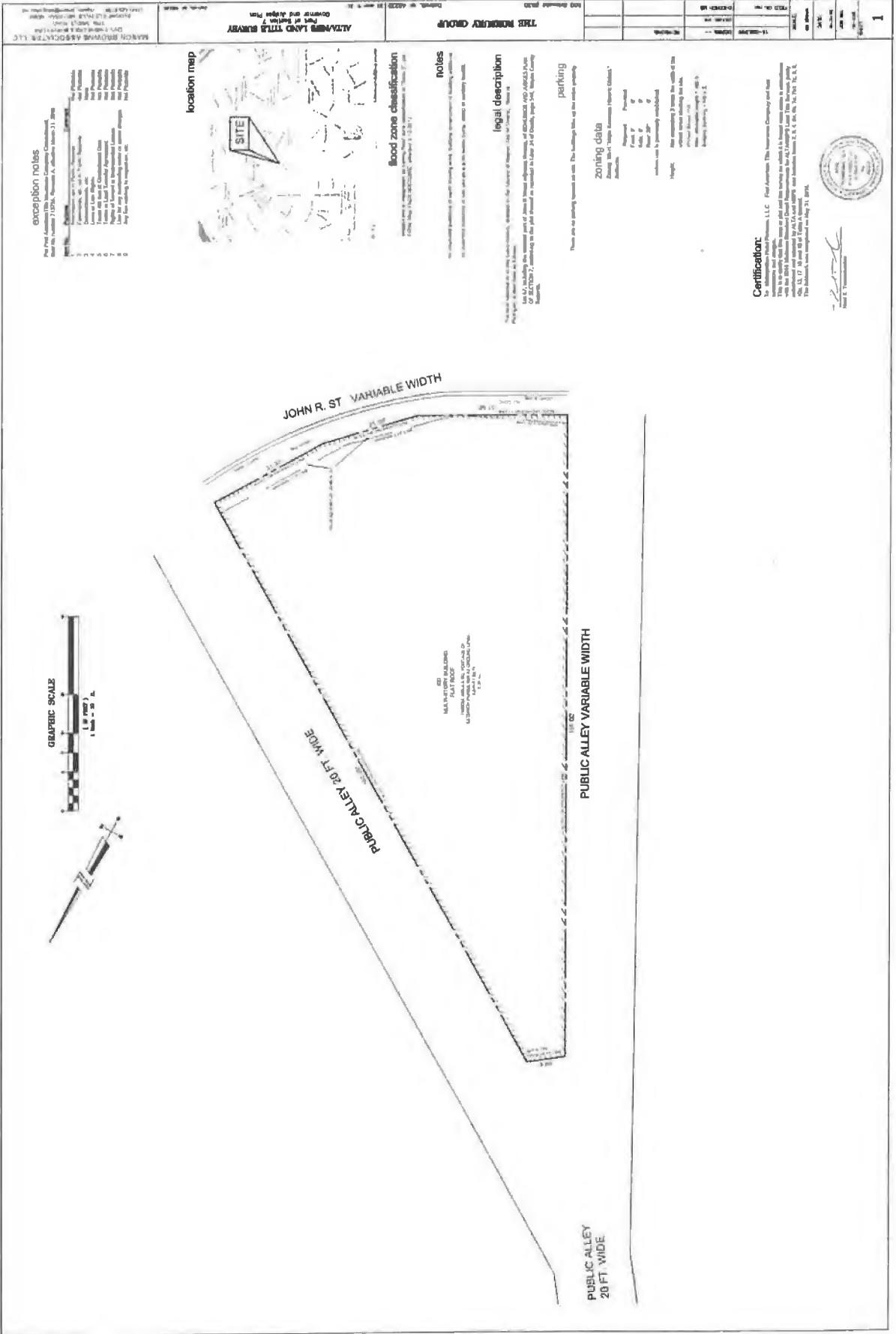
Metropolitan Hotel Partners LLC

Legal Description of the Property

Land situated in the City of Detroit, County of Wayne, State of Michigan, is described as follows:

Lot 67, including the vacated part of John R Street adjacent thereto, of GOVERNOR
AND
JUDGES PLAN OF SECTION 7, according to the plat thereof as recorded in Liber
34 of
Deeds, page 544, Wayne County Records.

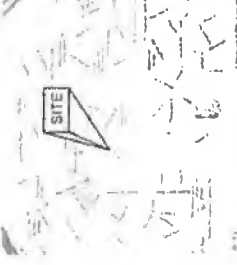
Commonly known as: 33 John R Street, Detroit, Michigan



exception notes

- 1. The site is located in the center of the lot.
- 2. The building is a rectangular structure with a flat roof.
- 3. The lot is 100 ft wide and 100 ft deep.
- 4. The site is located in the center of the lot.
- 5. The building is a rectangular structure with a flat roof.
- 6. The lot is 100 ft wide and 100 ft deep.
- 7. The site is located in the center of the lot.
- 8. The building is a rectangular structure with a flat roof.
- 9. The lot is 100 ft wide and 100 ft deep.
- 10. The site is located in the center of the lot.
- 11. The building is a rectangular structure with a flat roof.
- 12. The lot is 100 ft wide and 100 ft deep.

location map



flood zone classification

The site is located in a flood zone. The flood zone is defined by the city of Atlanta. The flood zone is shown on the map. The flood zone is a rectangular area that is 100 ft wide and 100 ft deep. The flood zone is located in the center of the lot.

notes

The site is located in the center of the lot. The building is a rectangular structure with a flat roof. The lot is 100 ft wide and 100 ft deep. The site is located in the center of the lot.

legal description

The site is located in the center of the lot. The building is a rectangular structure with a flat roof. The lot is 100 ft wide and 100 ft deep. The site is located in the center of the lot.

parking

There are no parking spaces on the site. The building is located in the center of the lot.

zoning data

The site is located in the center of the lot. The building is a rectangular structure with a flat roof. The lot is 100 ft wide and 100 ft deep. The site is located in the center of the lot.

Certification

The site is located in the center of the lot. The building is a rectangular structure with a flat roof. The lot is 100 ft wide and 100 ft deep. The site is located in the center of the lot.



33 JOHN R 48226 (Property Address)

Parcel Number: 01004065-7



Item 1 of 3

2 Images / 1 Sketch

Property Owner: METROPOLITAN HOTEL PARTNERS, LLC.**Summary Information**

- > Commercial/Industrial Building Summary
 - Yr Built: 1925
 - # of Buildings: 4
 - Total Sq.Ft.: 104,931
- > Assessed Value: \$224,800 | Taxable Value: \$197,665
- > Property Tax Information found

Owner and Taxpayer Information**Owner**

METROPOLITAN HOTEL
PARTNERS, LLC.
535 GRISWOLD ST., SUITE
930
DETROIT, MI 48226

Taxpayer

SEE OWNER INFORMATION

Legal Description

W JOHN R 67 & VAC JOHN R ST ADJ PLAT OF SEC 7 GOVERNOR & JUDGES PLAN L34 P544 DEEDS, W C R 1/9 94 28 IRREG

Recalculate amounts using a different Payment Date

You can change your anticipated payment date in order to recalculate amounts due as of the specified date for this property.

Enter a Payment Date 8/22/2018

Recalculate**Tax History**

Year	Season	Total Amount	Total Paid	Last Paid	Total Due
2018	Summer	\$23,123.24	\$23,123.24	08/15/2018	\$0.00
2017	Winter	\$4,062.33	\$4,062.33	12/18/2017	\$0.00
2017	Summer	\$15,442.40	\$15,442.40	08/07/2017	\$0.00
2016	Winter	\$6,657.59	\$6,657.59	01/11/2017	\$0.00

****Disclaimer:** BS&A Software provides BS&A Online as a way for municipalities to display information online and is not responsible for the content or accuracy of the data herein. This data is provided for reference only and WITHOUT WARRANTY of any kind, expressed or inferred. Please contact your local municipality if you believe there are errors in the data.



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 824
DETROIT, MICHIGAN 48226
(313) 224-3011 • TTY: 711
(313) 224-9400
WWW.DETROITMI.GOV

October 17, 2018

Maurice Cox, Director
Planning & Development
2 Woodward Ave, Suite 808
Detroit, MI 48226

RE: **Obsolete Property Rehabilitation Certificate – Metropolitan Hotel Partners LLC**
Property Address: 33 John R Street
Parcel Number: 01004065-7.

Dear Mr. Cox:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation certificate application for the property located at **33 John R Street** in the **Downtown area** in the City of Detroit.

The rationale for granting Obsolete Property Rehabilitation certificates under PA 146 of 2000, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

Metropolitan Hotel Partners LLC plans to rehabilitate the vacant 14 story office building that is in a state of disrepair built in 1925 on .170 acres of land. The rehabilitated building will transformed into a mixed-use project including first floor retail and approximately 110 hotel rooms, 2,000 square foot meeting room space, food and beverage, gourmet pantry and a roof-top outdoor patio.

The 2018 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01004065-7	33 JOHN R	\$ 38,900	\$ 34,235	\$185,700	\$163,430

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition.

The proposed rehabilitation plan includes complete replacement of all exterior glass, refurbishment of exterior elements, demolition of existing interior partitions, build-out of hotel rooms and revamping of the surrounding property with new landscaping and hardscaping. The finished project will save a historic property, create jobs in the Downtown area and support increasing number of entertainment and conference activities that will be coming to the city.

A field investigation indicated that the property located at **33 John R Street** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors
mmp



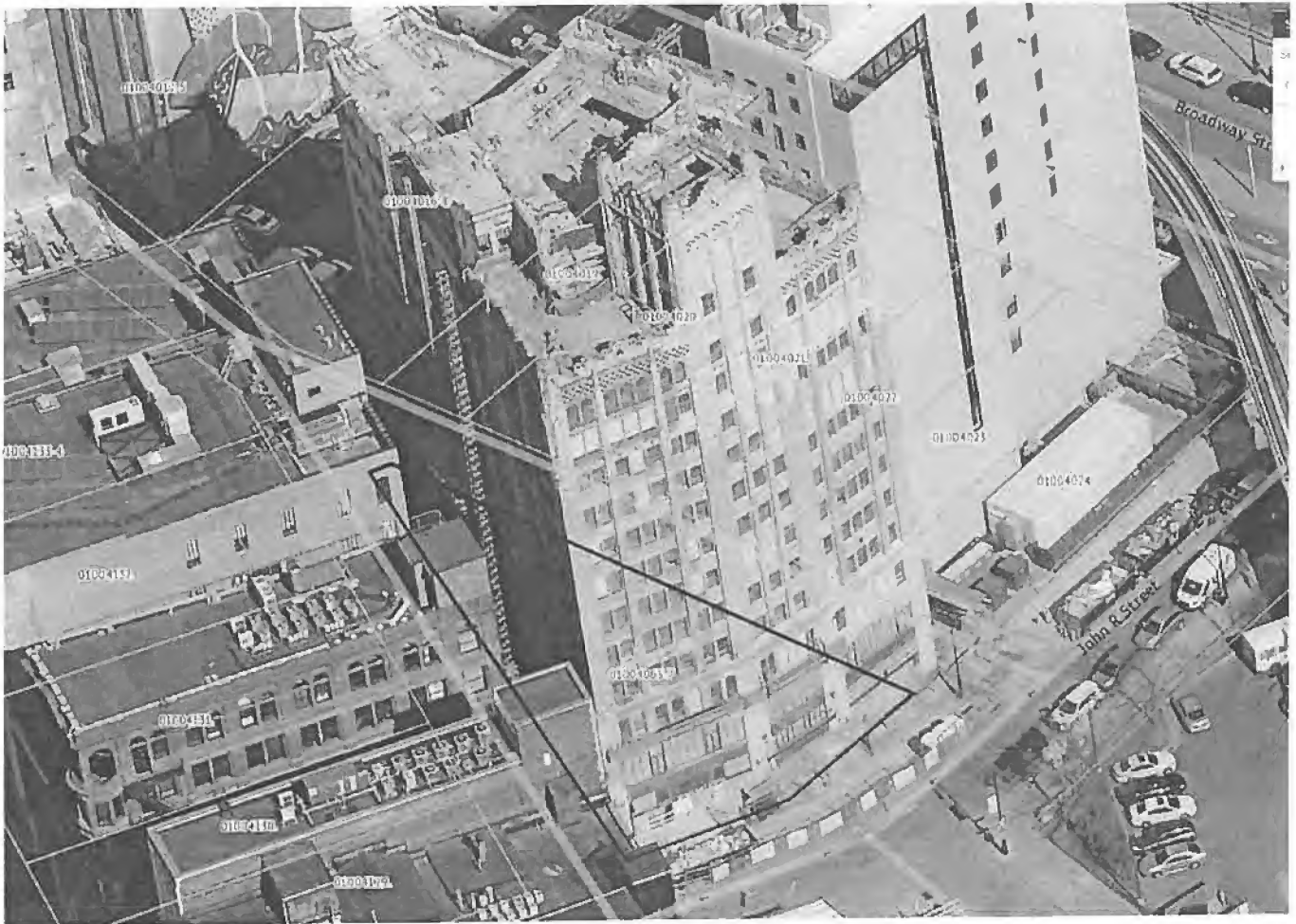
CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

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Obsolete Property Rehabilitation Certificate
Metropolitan Hotel Partners LLC
Page 2

Property Address: 33 JOHN R
Parcel Number: 01004065-7
Property Owner: METROPOLITAN HOTEL PARTNERS LLC
Legal Description: W JOHN R 67 & VAC JOHN R ST ADJ PLAT OF SEC 7 GOVERNOR & JUDGES PLAN L34 P544 DEEDS, W C R 1/9
94.28 IRREG

The legal description on the petition matches the assessment roll.





CITY OF DETROIT
PLANNING AND DEVELOPMENT DEPARTMENT

COLMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE SUITE 808
DETROIT, MICHIGAN 48226
(313) 224-1339 . TTY: 711
(313) 224-1310
WWW.DETROITMI.GOV

TO: Veronica Farley, Housing and Revitalization
FROM: Esther Yang, Planning and Development
RE: Master Plan Interpretation for **Obsolete Property District** for property located at 33 John R
DATE: October 15, 2018
CC: Maurice Cox, Director

In order to insure that the issuance of a certificate for an **Obsolete Property District** is in conformance with the City's Master Plan of Policies and will have the reasonable likelihood to increase commercial activity; create, retain or prevent a loss of employment; revitalize an urban area; or increase the number of residents in a community, pursuant to State of Michigan, Public Act 146 of 2000 (section 125.2781), the Planning and Development Department's Planning Division submits the following interpretation.

Petitioner:

Metropolitan Hotel Partners LLC

Project Description:

Rehabilitation of a 14-story vacant, 122,745 SF building into a mixed-use project to include retail on the first floor and approximately 110 hotel rooms above, 2000 SF meeting room space, food and beverage, gourmet pantry, and a roof-top outdoor patio. Project will also include new landscaping and hardscaping of the surrounding property.

Project Location:

33 John R

Master Plan Interpretation:

The Master Plan Future General Land Use designation for the site **Mixed Residential and Commercial (MRC)**. Mixed - Residential / Commercial areas consist primarily of high-density housing developed compatibly with commercial and/or institutional uses. This classification is well suited to areas proximal to existing centers of major commercial activity, major thoroughfares, transportation nodes or gateways into the City.

The development does not change the Future General Land Use characteristics of the area and conforms to various Master Plan policies.

Attachment:

Future General Land Use: **Map 4-1B, Neighborhood Cluster 4, Central Business District**



CITY OF DETROIT
PLANNING AND DEVELOPMENT DEPARTMENT

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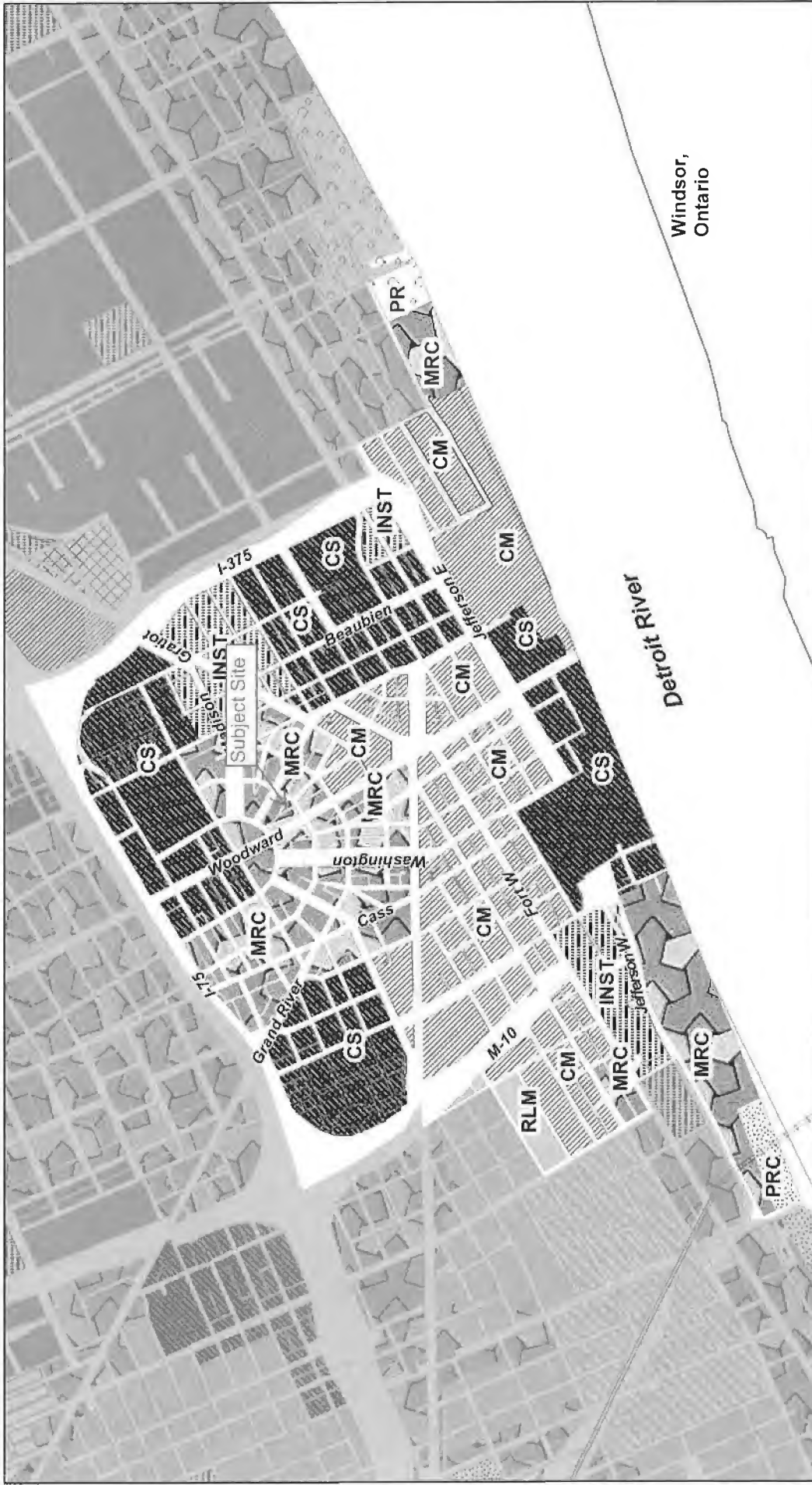
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Attachment:

Future General Land Use: **Map 4-1B, Neighborhood Cluster 4, Central Business District**



Map 4-1B

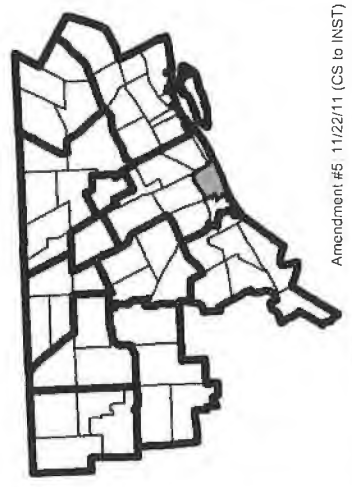
City of Detroit
Master Plan of
Policies

Neighborhood Cluster 4 Central Business District



Future Land Use

- | | | | |
|--|--|--|--|
| | Low Density Residential (RL) | | Distribution / Port Industrial (IDP) |
| | Low / Medium Density Residential (RLM) | | Mixed - Residential / Commercial (MRC) |
| | Medium Density Residential (RM) | | Mixed - Residential / Industrial (MRI) |
| | High Density Residential (RH) | | Mixed - Town Center (MTC) |
| | Major Commercial (CM) | | Recreation (PRC) |
| | Retail Center (CRC) | | Regional Park (PR) |
| | Neighborhood Commercial (CN) | | Private Marina (PRM) |
| | Thoroughfare Commercial (CT) | | Airport (AP) |
| | Special Commercial (CS) | | Cemetery (CEM) |
| | General Industrial (IG) | | Institutional (INST) |
| | Light Industrial (LI) | | |



**OBSOLETE PROPERTY REHABILITATION EXEMPTION CERTIFICATE
AGREEMENT**

THIS AGREEMENT ("Agreement"), by and between the City of Detroit ("City"), a Michigan municipal corporation acting by and through its Planning & Development Department with an office at 2 Woodward Avenue, Suite 808, Detroit, MI 48226 and Metropolitan Hotel Partners, LLC ("Applicant") with an office at 1117 Griswold St. #1416, Detroit, MI 48226 is made this 29 day of June, 2019.

WITNESSETH:

WHEREAS, Public Act 146 of 2000 as amended, also known as the Obsolete Property Rehabilitation Act ("Act"), (1) provides for the establishment of obsolete property rehabilitation districts by local governmental units, (2) provides for the abatement or exemption from certain taxes for qualified obsolete property owners, and (3) allows local governmental units to levy and collect a specific tax from the owners of an obsolete property, among other provisions; and

WHEREAS, the Applicant has submitted an Application for Obsolete Property Rehabilitation Exemption Certificate ("Application") for the property located at: 33 John R. Street, Detroit, MI 48226 ("Property"). A copy of the Application is attached hereto as Exhibit A and made a part hereof; and

WHEREAS, the City has previously approved an obsolete property rehabilitation district pursuant to the Act and the Property is located in such district; and

WHEREAS, the Applicant shall complete a Rehabilitation of the Property and the Applicant shall hire or retain a certain amount of full time employees within the City of Detroit during the term of the OPREC; and

WHEREAS, the City has approved the Application by adopting a resolution granting the Obsolete Property Rehabilitation Exemption Certificate ("OPREC"), pending approval also by the Michigan State Tax Commission. A copy of the City resolution granting the OPREC is attached hereto as Exhibit B and made a part hereof; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. General.
 - a. Unless earlier revoked as provided for in Section 12 of the Act, being MCL 125.2792, or as provided for in this Agreement, the OPREC term and the term of this Agreement shall be for a period of twelve (12) years beginning on the certificate beginning date stated in the OPREC issued by the Michigan State Tax Commission.
 - b. The Applicant will complete the Property "Rehabilitation" as defined in the Act and as set forth in the Application by May 31, 2019.

- c. The Applicant shall create, or cause to be created, at least twenty-five (25) full time employees at the Property within two (2) years of the effective date of the Agreement.
- d. The Applicant will take action to recruit and hire City of Detroit residents in accordance with specified targets as set forth in an initial City of Detroit Resident Employment Plan ("Employment Plan") submitted by the Applicant to the City and approved by the Human Rights Department as part of the OPREC application process. The Employment Plan shall be updated or modified annually throughout the term of this Agreement.
- e. For purposes of this Agreement, a "full-time employee" is defined as a person: 1) who is employed by the Applicant or its affiliates on a salary, wage, commission, or other basis, for a minimum period of forty (40) hours a week and 2) from whose compensation the Applicant or its affiliates, including a staffing agency, are required by law to withhold City of Detroit income taxes. Affiliates may include Applicant's tenant(s) that lease space at the Property.

2. Applicant Representations.

In compliance with the Act and intending to induce the City to grant an OPREC to the Applicant, the Applicant represents that:

- a. The Applicant is the owner of the Property at the time of the Application.
- b. The Property is an "Obsolete Property" as defined under the Act.
- c. The Property will not include property to be used as a professional sports stadium.
- d. The Property will not include property to be used, owned or operated by a casino or affiliated company as defined in the Act.
- e. The project would not have been considered without an OPREC.
- f. Rehabilitation of the Property was not started prior to establishment of the obsolete property rehabilitation district for which the Property sits.
- g. There are no delinquent taxes owed on the Property.
- h. The Applicant will pay any applicable taxes on the Property as they become due.
- i. The Rehabilitation and operation of the Property is in compliance with the City of Detroit Zoning Ordinance and Master Plan.
- j. If Rehabilitation of the Property will result in the provision of commercial housing, the Applicant must agree to Fair Housing Practices that meet guidelines set forth by the U.S. Fair Housing Act (42 U.S.C. 3601 through 3619).

3. Community Benefits Requirements.

Pursuant to City of Detroit Ordinance 35-16 (“Ordinance”), also known as the Community Benefits Ordinance, if the Property involves a Tier 2 Development Project as defined by the Ordinance, then the Applicant shall:

- a. Partner with the City, and when appropriate, a workforce development agency to promote the hiring, training and employability of Detroit residents consistent with State and Federal Law.
- b. Partner with the Director of the Planning & Development to address and mitigate negative impact that the Tier 2 Development Project may have on the community and local residents. Applicant shall adhere to those mitigation requirements, if any, stated in the attached Addendum 1 – 4. b. Requirements, which is incorporated herein by reference.

4. Reporting by the Applicant to the City.

Applicant agrees to provide the City with sufficient information, which is subject to review and audit by the City, in order to determine compliance with this Agreement. At a minimum, the Applicant shall provide the City with the following during the OPREC term:

- a. Upon request, the Applicant shall provide the Planning & Development Department copies of all construction plans, building permits and certificates of occupancy related to Rehabilitation of the Property. These documents, along with periodic site visits to the Property by the City, will serve to establish whether the Applicant is making the Rehabilitation to the Property as required by the Act and this Agreement.
- b. Within two (2) weeks after the first year of the OPREC term and for each year thereafter, Applicant shall submit to the Planning & Development Department a certified status report (“Status Report”) signed by an authorized officer of the Applicant. The Status Report shall set forth for the previous year: 1) the Rehabilitation work completed at the Property and the Applicant’s financial investment in the Property for that year and 2) the number of full-time employees at the Property for that year.
- c. Within two (2) weeks after the last day of the first year of the OPREC term and each year of the OPREC term thereafter, the Applicant shall submit to the Civil Rights, Inclusion and Opportunity Department (“CRIO”) the Detroit Residents’ Annual Employment Verification Report with copies of proofs of residency that have been accepted by CRIO. The Applicant shall also submit an updated Employment Plan on forms acceptable to the City.
- d. During any construction on the Property for the term of the OPREC, the Applicant shall report monthly to CRIO with copies of certified payroll information for such construction in order for the City to verify that Prevailing Wages have been paid.

5. Revocation of OPREC and Termination of Agreement.

The City may, in its sole discretion and by resolution of Detroit City Council, revoke the OPREC if the City finds that the completion of Rehabilitation of the Property has not occurred within the time authorized by the City in this Agreement or within a duly authorized extension of that time, or that the Applicant has not proceeded in good faith with the operation of the rehabilitated Property in a manner consistent with the purposes of the Act and in the absence of circumstances that are beyond the control of the Applicant.

Good faith efforts include, but are not limited to, the following: 1) Applicant is actively working with an agency or City Department to hire and ascertain methods of recruiting and employing Detroit residents, and 2) Applicant is actively working with the Detroit Economic Growth Corporation, the City's Planning & Development Department, and CRIO to ascertain methods of obtaining available resources to improve Applicant's business in a manner that will allow for compliance with this Agreement.

6. Payment of Exempted Taxes for Shortfall of Employment.

If the average number of full-time employees at the Property for any given year is less than the number of full-time employees set forth in Section 1. c. above, the Applicant agrees to pay the City, in addition to the Obsolete Properties Tax due under the OPREC on the Property, an amount equal to the difference between the amount of ad valorem tax otherwise due on the Property without the OPREC, and the amount of Obsolete Properties Tax due on the Property under the OPREC, for that given year, multiplied by a fraction, the numerator of which is the shortfall in the number of full-time employees indicated in the Status Report, and the denominator of which is the total number of full-time employees set forth in Section 1. c. above. Prior to taking any action to require the Applicant to pay an amount to the City in addition to the Obsolete Properties Tax pursuant to this Section, the City must afford the Applicant an opportunity to present at a public hearing reasons for the employment shortfall.

In the event that the Applicant fails to report the number of full-time employees at the Property for a given year in either the Status Report or Employment Plan, the number of full-time employees at the Property for purposes of this Section shall be deemed zero (0).

7. Notice to City of Discontinuance of Operations.

If during the term of the OPREC the Applicant discontinues operations at the Property, the Applicant will take affirmative steps to provide thirty (30) day prior written notice of such shutdown of operations to the Director of the Planning & Development Department.

8. Reservation of Remedies.

The City and the Applicant agree that each of the rights and remedies provided by this Agreement may be exercised separately or cumulatively, and shall not be exclusive of any other rights and remedies provided by law. Invalidity of any of the provisions contained in the Agreement by operation of law, judgment, court order or otherwise shall not invalidate any of the other provisions of the Agreement.

9. Transfer.

The OPREC may be transferred and assigned by the Applicant to a new owner of the Property if the City, in its sole discretion, approves transfer of the OPREC after application by the new owner. For purposes of this Section, a transfer of the Property shall include any sale of the Property or any lease of more than fifty percent (50%) of the total usable space of the Property for a period longer than five (5) years.

10. Headings.

The headings contained in this Agreement are for descriptive purposes only, and do not alter or govern the substantive content of the provisions of the Agreement.

IN WITNESS WHEREOF, the City and the Applicant, by and through their authorized officers and representatives, have executed this Agreement as follows:

APPLICANT:

Metropolitan Hotel Partners, LLC

BY: 

Print: James Van Dyke

ITS: Manager

CITY OF DETROIT

PLANNING & DEVELOPMENT DEPT.

BY: 

Print: Maurice D. Cox

ITS: Director

**THIS AGREEMENT IS NOT EFFECTIVE OR VALID UNTIL AN OBSOLETE
PROPERTY REHABILITATION CERTIFICATE IS APPROVED BY THE
MICHIGAN STATE TAX COMMISSION**

ADDENDUM 1
4. b. Requirements

EXHIBIT A

Application for Obsolete Property Rehabilitation Exemption Certificate

EXHIBIT B
Detroit City Council Resolution
Granting the Obsolete Property Rehabilitation Exemption Certificate



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
DETROIT, MICHIGAN 48226
(313) 224-6380 • TTY: 711
(313) 224-1629
WWW.DETROITMI.GOV



July 18, 2019

Detroit City Council
1340 Coleman A. Young Municipal Center
Detroit, MI 48226

RE: Request for Public Hearing for Petition #938 to Establish a Commercial Rehabilitation District for Real Estate Interests, LLC, in the area of 37500 Woodward Avenue, Detroit, Michigan, in accordance with Public Act 210 of 2005.

Honorable City Council:

The Housing and Revitalization Department has reviewed the request of **Real Estate Interests, LLC** to establish a Commercial Rehabilitation District, and find that it satisfies the criteria set forth by Public Act 210 of 2005 and that it would be consistent with the development and economic goals of the Master Plan.

Per Public Act 210 of 2005, prior to acting upon the resolution to approve a district, a public hearing must be held, and the City Clerk must provide written notice of the public hearing to the assessor and to the governing body of each taxing unit that levies an ad valorem tax within the eligible district, **said notice to be made not less than 10 days or more than 30 days** prior to your Honorable Body's adoption of said resolution.

We request that a public hearing be scheduled on the issue of adopting a resolution to establish a new commercial rehabilitation district. Attached for your consideration, please find a resolution establishing a date and time for the public hearing.

Respectfully submitted,

Donald Rencher
Director

DR/vf

cc: S. Washington, Mayor's Office
M. Cox, PDD
D. Rencher, HRD
V. Farley, HRD



BY COUNCIL MEMBER _____

WHEREAS, pursuant to Public Act No. 210 of 2005 ("the Act") this City Council may adopt resolution which approves the request to establish a Commercial Rehabilitation District within the boundaries of the City of Detroit; and

WHEREAS, **Real Estate Interests, LLC**, has requested that a Commercial Rehabilitation District be established as particularly described in the legal description and illustrated in the map attached hereto; and

WHEREAS, prior to such approval, the City Council shall provide an opportunity for a Public Hearing, at which Public Hearing on such adoption of a resolution providing such tax exemption, at which Public Hearing representatives of any taxing authority levying *ad valorem* taxes within the City, or any other resident or taxpayer of the City of Detroit may appear and be heard on the matter.

NOW THEREFORE BE IT

RESOLVED, that on _____, 2019 in the City Council Committee Room, 13th floor, Coleman A. Young Municipal Center, a Public Hearing be held on the above described application and be it finally

RESOLVED, that the City Clerk shall give notice of the Public Hearing to the general public and shall give written notice of the Public Hearing by certified mail to all taxing authorities levying an *ad valorem* tax within the City of Detroit, **such notices to be provided not less than 10 days or more than 30 days** before the date of the hearing.

DEPARTMENTAL REFERENCE COMMUNICATION

Monday, June 17, 2019

To: The Department or Commission Listed Below

From: Janice M. Winfrey, Detroit City Clerk

The following petition is herewith referred to you for report and recommendation to the City Council.

In accordance with that body's directive, kindly return the same with your report in duplicate within four (4) weeks.

LEGISLATIVE POLICY DIVISION PLANNING AND DEVELOPMENT DEPARTMENT
LAW DEPARTMENT FINANCE DEPARTMENT

938 *Real Estate Interests, LLC, request for the Establishment of a Commercial Rehabilitation District at 37500 Woodward Avenue, Detroit, MI under P.A. 210 of 2005.*



REAL ESTATE INTERESTS, LLC
660 Woodward Avenue • Suite 1500 • Detroit • Michigan 48226

June 5, 2019

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1340
Detroit, MI 48226

RE: Petition for the Establishment of a Commercial Rehabilitation District at 3750 Woodward Avenue, Detroit, Michigan.

Honorable City Council:

On behalf of 3750 Woodward Avenue, LLC, please accept this letter as a request to establish a Commercial Rehabilitation District ("CRD") for the mixed-use development project known as "The Mid" (3750 Woodward Avenue) in Midtown Detroit, located between Woodward and John R and shown more precisely on the map in Attachment A.

The Mid will be a 3.8-acre mixed-use development carefully planned to offer diverse programs; including retail, hotel, housing, and dining experiences with interwoven public spaces for community, resident, and visitor engagement and connectivity. The Mid's planned investment exceeds \$350 million and will create over 1,800 construction jobs and 400+ full-time equivalent positions (FTEs). The project is expected to commence construction in the 3rd quarter of 2019 and be fully completed by 2024.

This development aims to unite the surrounding community and residents across a range of backgrounds and lifestyles. The Mid plans to incorporate a 225 room hotel, approximately 80,000 square feet of retail space, hundreds of multi-family residences, affordable housing, co-living housing units and 60 residential condominiums. The project will offer alternatives for family and communal living supported by eateries, entertainment and public amenities.

The Mid requires significant investment and development risk and would not be possible without incentives, including the property tax exemption certificates provided for under the establishment of a Commercial Rehabilitation District.

We are requesting that the CRD be applicable to the development project area for a period of ten (10) years. The development area is eligible for CRD designation pursuant to Section 2(a) of Public Act 210 of 2005, the Commercial Rehabilitation Act. The project site is a "Qualified Facility" within the meaning of MCL 207.842(h). The requested district is both compact and contiguous as understood under the Act and exceeds 3 acres in area.

The CRD will lead to construction of new hotel, retail and residential housing in keeping with the city of Detroit Master Plan and the Woodward Avenue Gateway Radial Thoroughfare Overlay.

We respectfully request your consideration of a Commercial Rehabilitation District for the project.
Please do not hesitate to call me at 313-408-5384 with any questions.

Respectfully submitted,

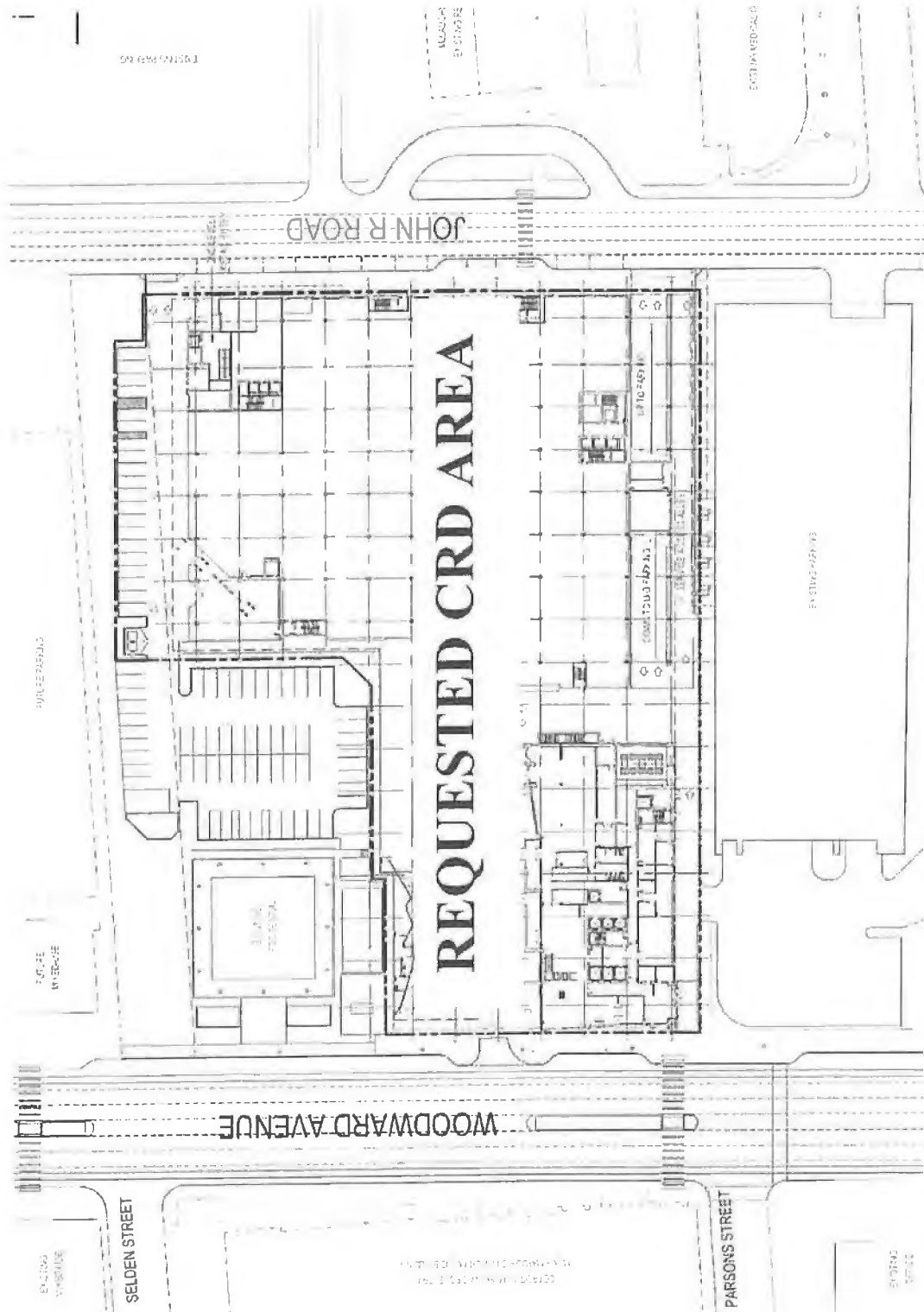
A handwritten signature in black ink, appearing to read "W. Emery Matthews", written over a horizontal line.

W. Emery Matthews
Managing Principal

Attachment A – Requested District

Attachment B – General Project Description

ATTACHMENT A Requested NEZ Area Map



ATTACHMENT B
GENERAL PROJECT DESCRIPTION



DESIGN FOR
ACTIVATION



INTRODUCE
MULTI-SEASONAL
PUBLIC SPACE



ENRICH EXISTING
NEIGHBORHOODS



STRENGTHEN
MIDTOWN
ENVIRONMENT



KEY DISTRICTS + ANCHORS

NEW CENTER

Q-LINE

WOODWARD AVE

UPPER EAST CENTRAL

ROSA PARKS

WAYNE STATE UNIVERSITY

MEDICAL DISTRICT

3750 WOODWARD

GRAND RIVER AVE

JEFFRIES

5 MINUTE WALK

10 MINUTE WALK

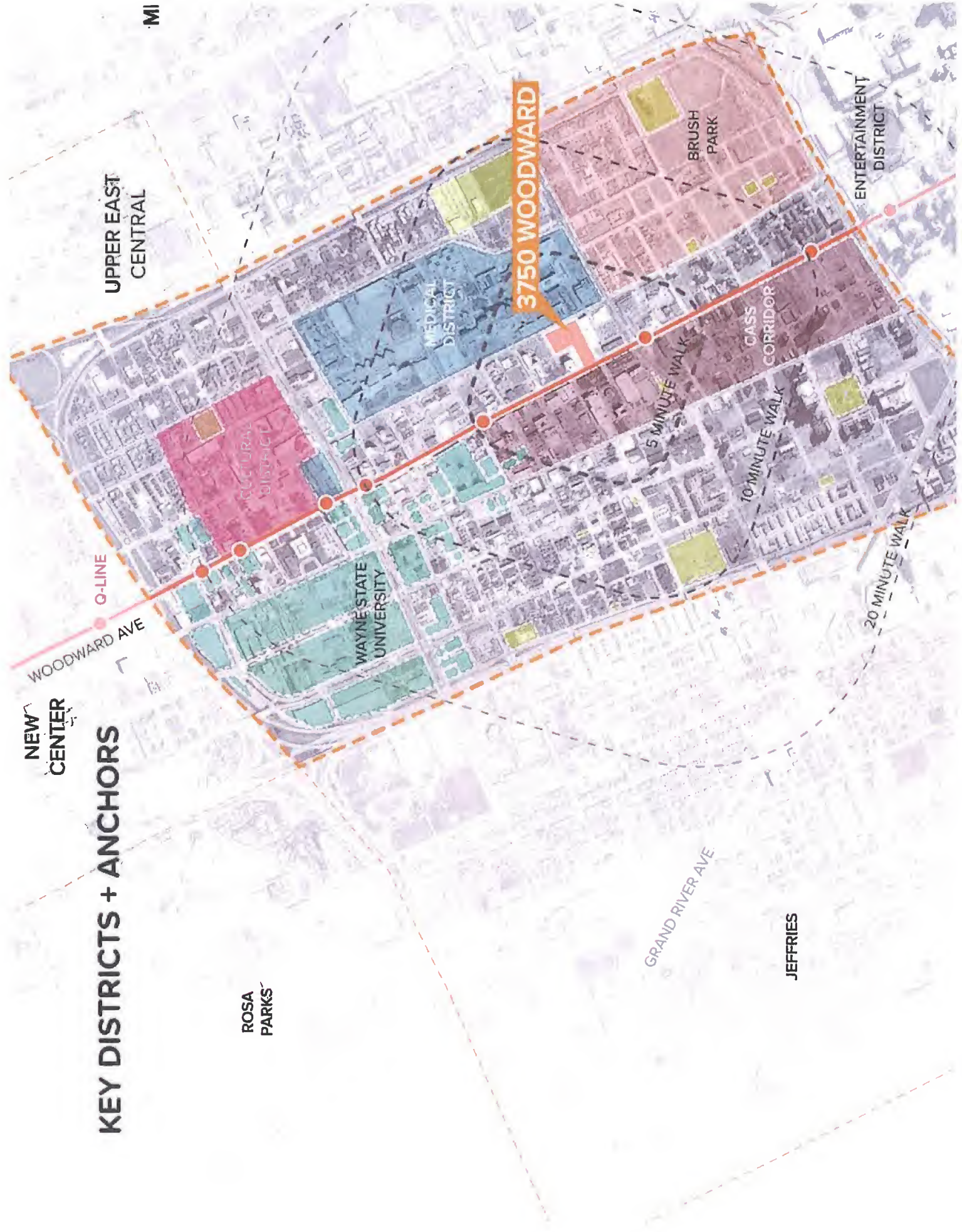
20 MINUTE WALK

BRUSH PARK

CASS CORRIDOR

ENTERTAINMENT DISTRICT

MI



TRAFFIC + BOUNDARIES



TRANSPORTATION

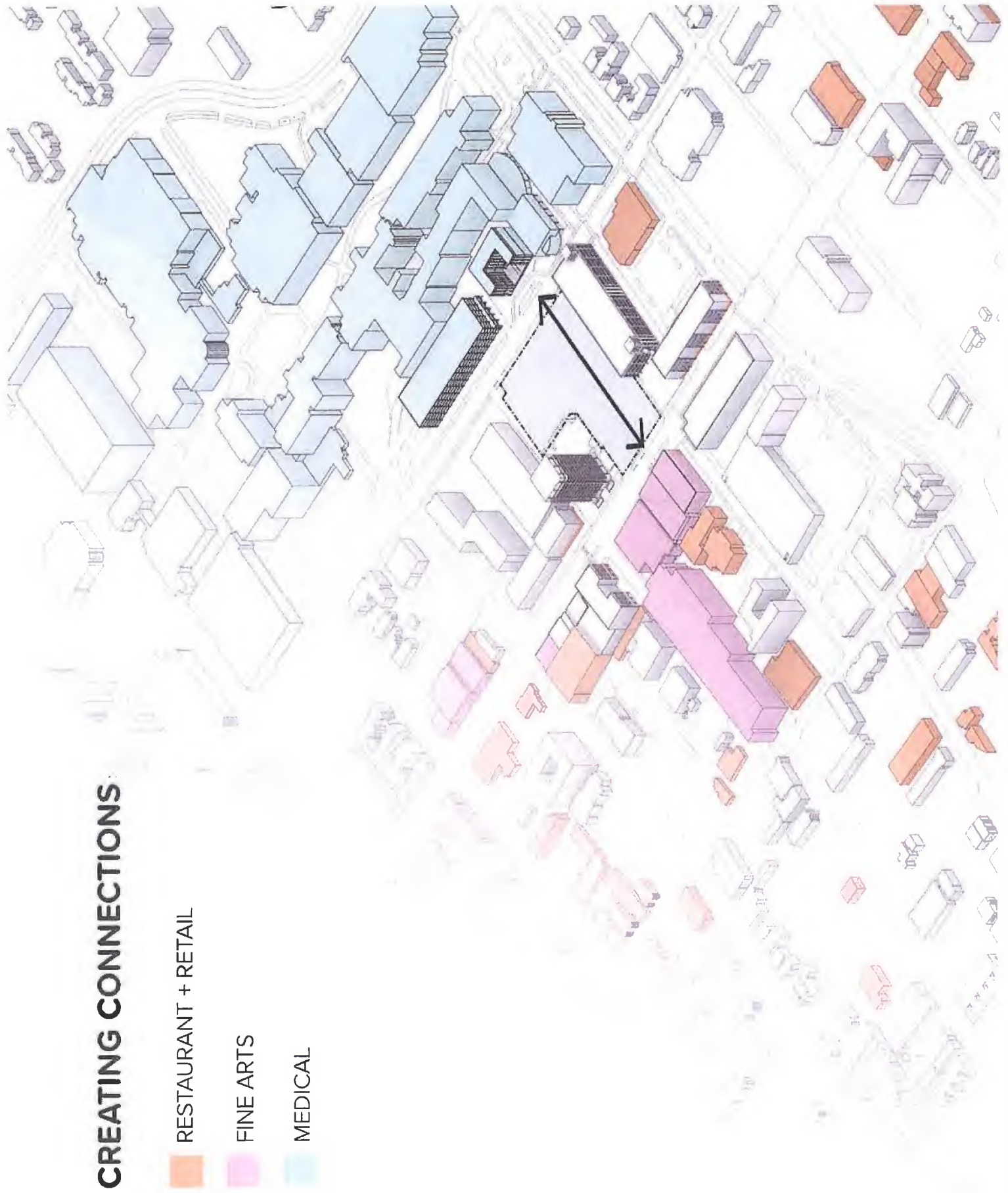


CREATING CONNECTIONS

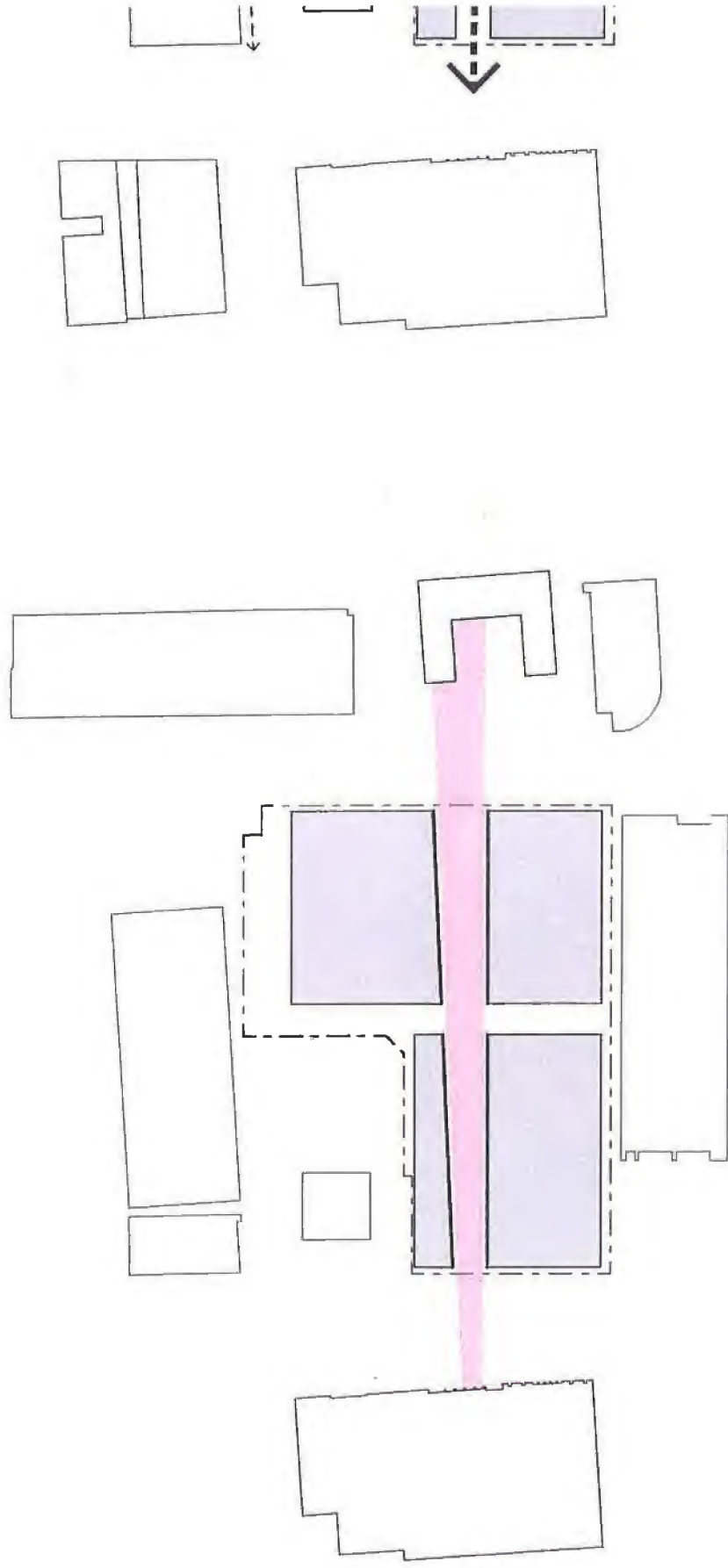
RESTAURANT + RETAIL

FINE ARTS

MEDICAL



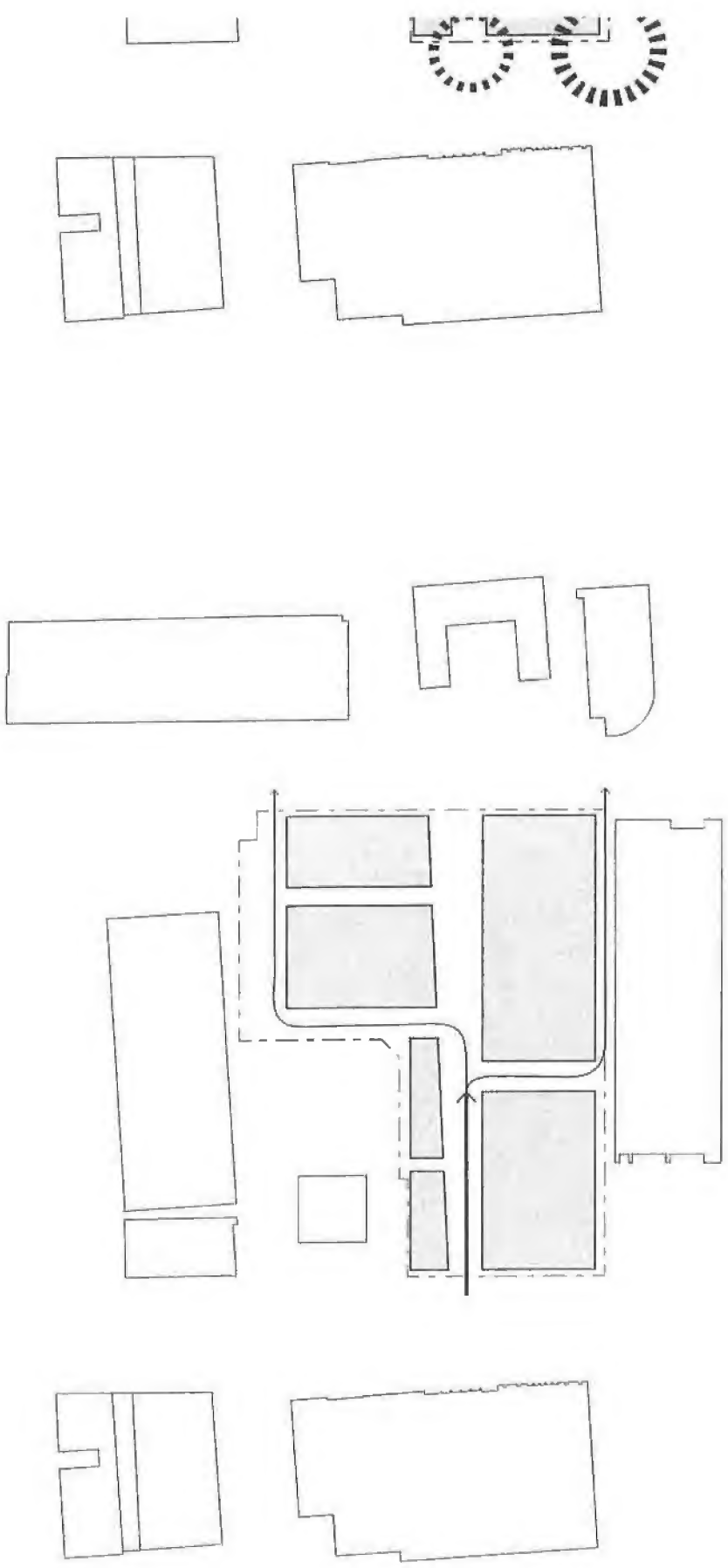
SITE DEVELOPMENT



CREATE CONNECTIONS

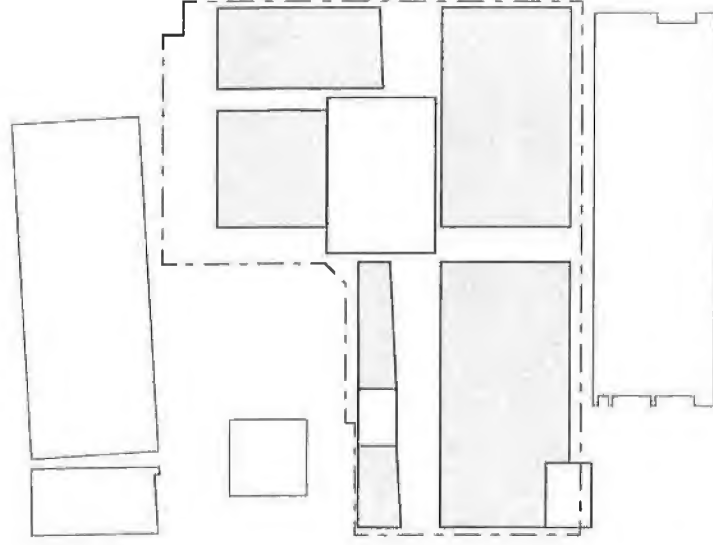
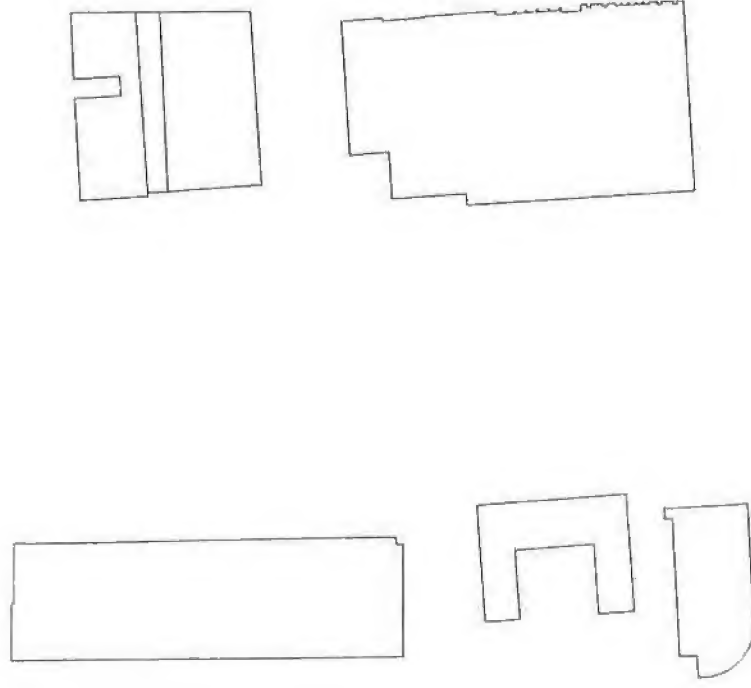
ACTIVATE FC

INTERSECTIO

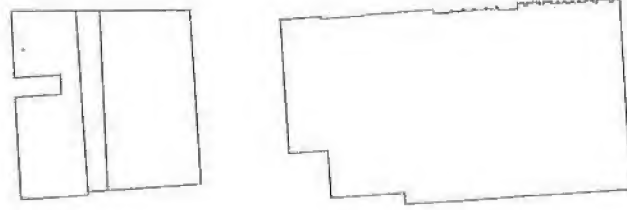


VEHICULAR CIRCULATION

ENTRY LOCA

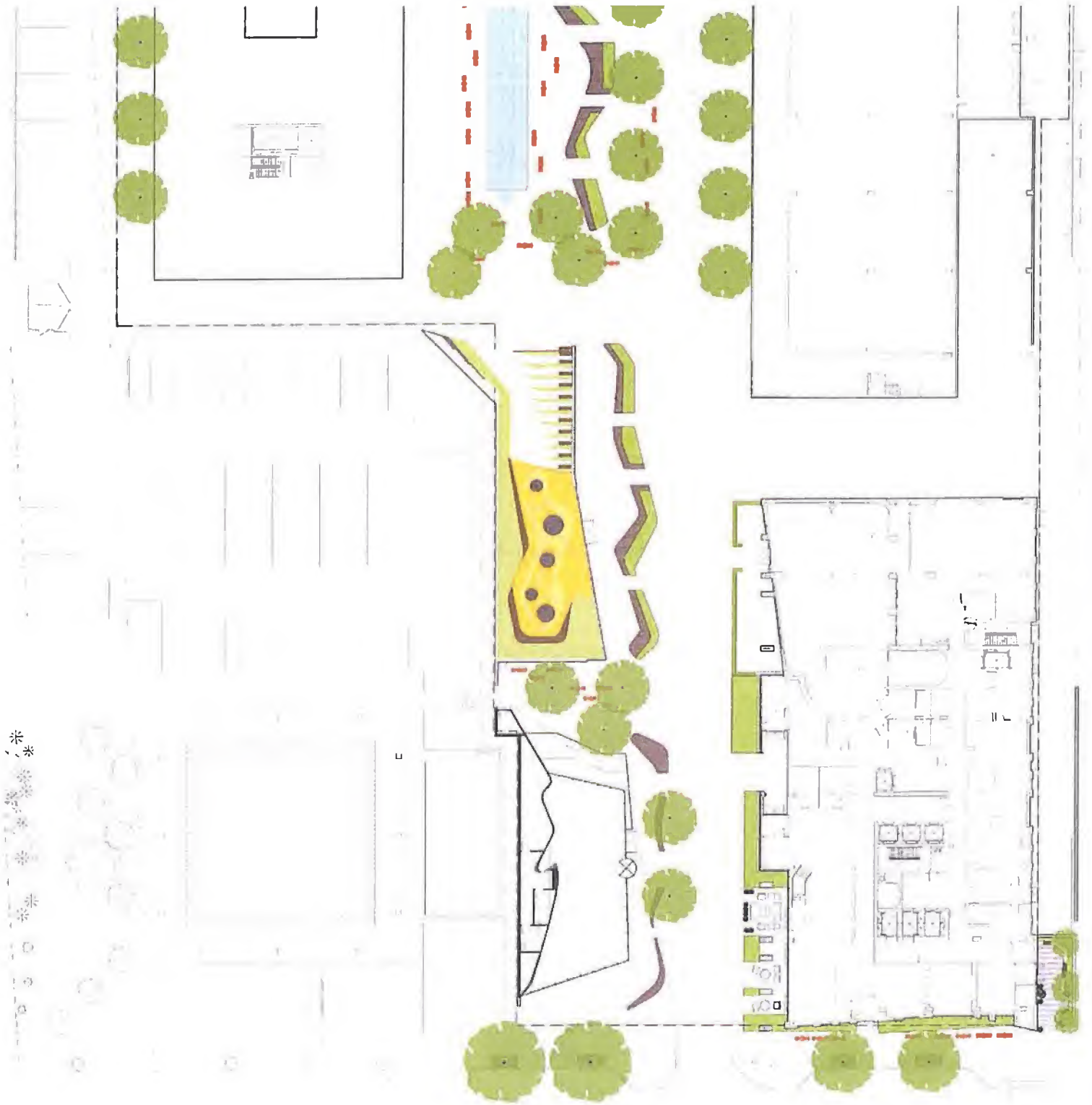


PUBLIC SPACES



site plan

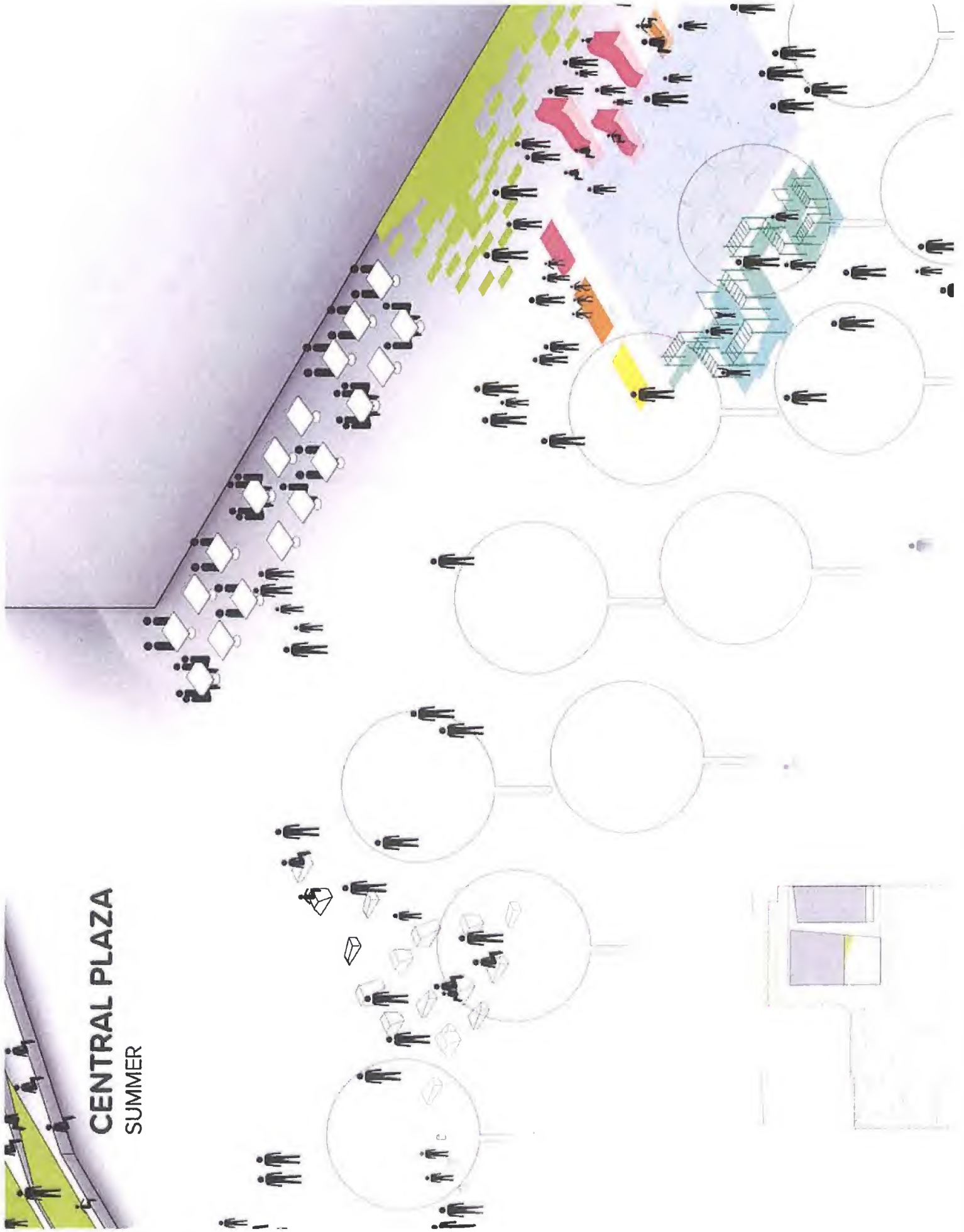
WOODWARD AVE





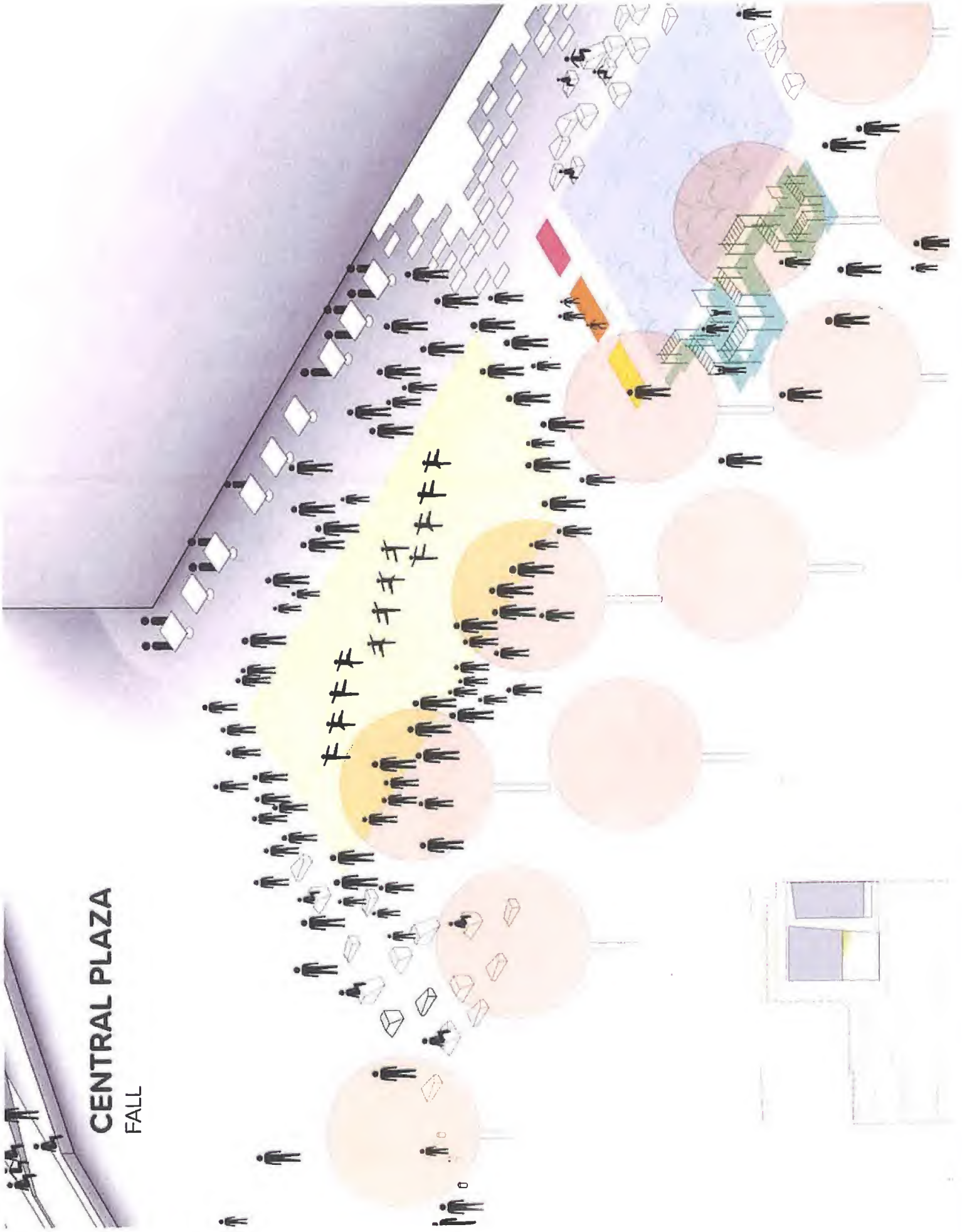
CENTRAL PLAZA

SUMMER





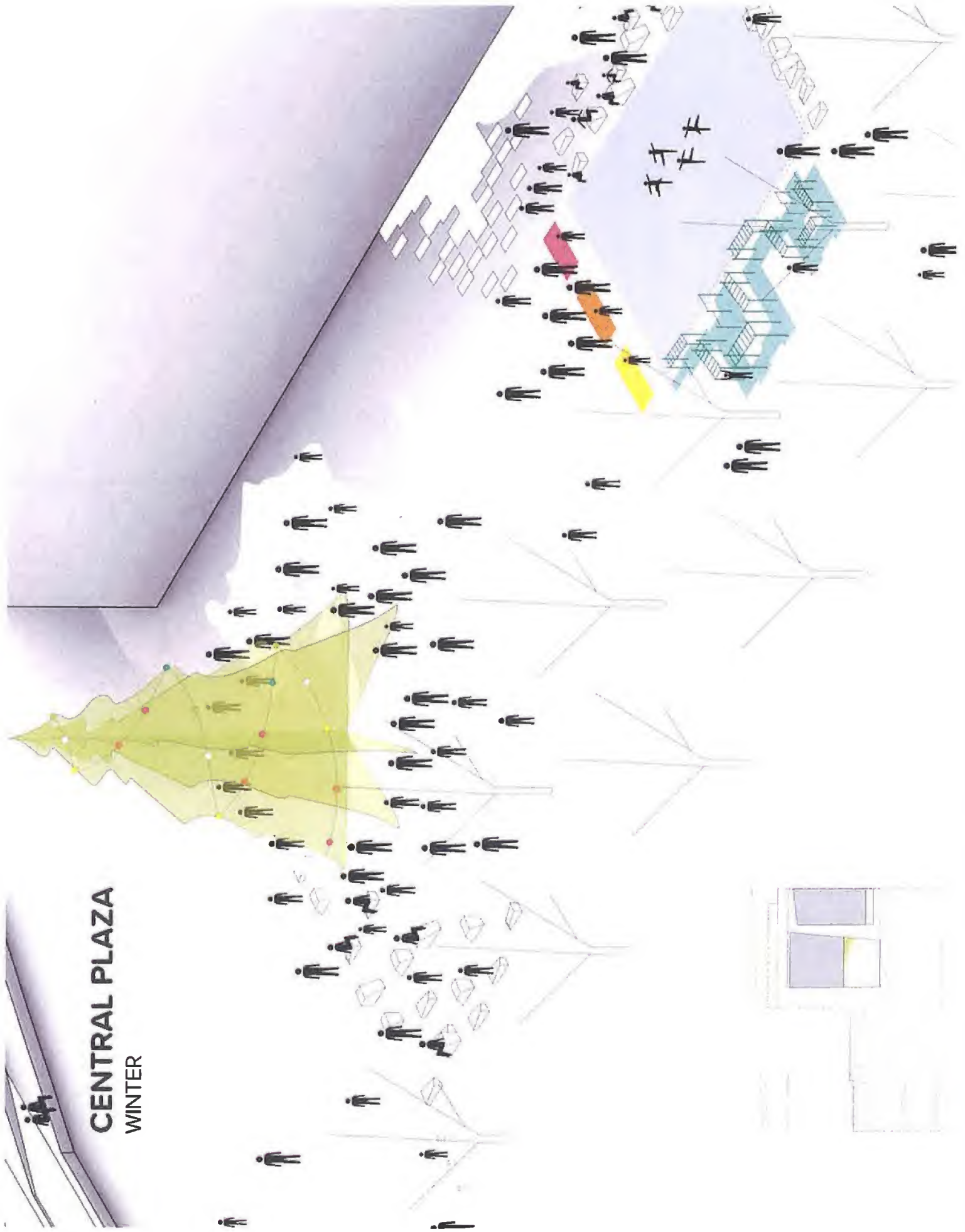
CENTRAL PLAZA
FALL





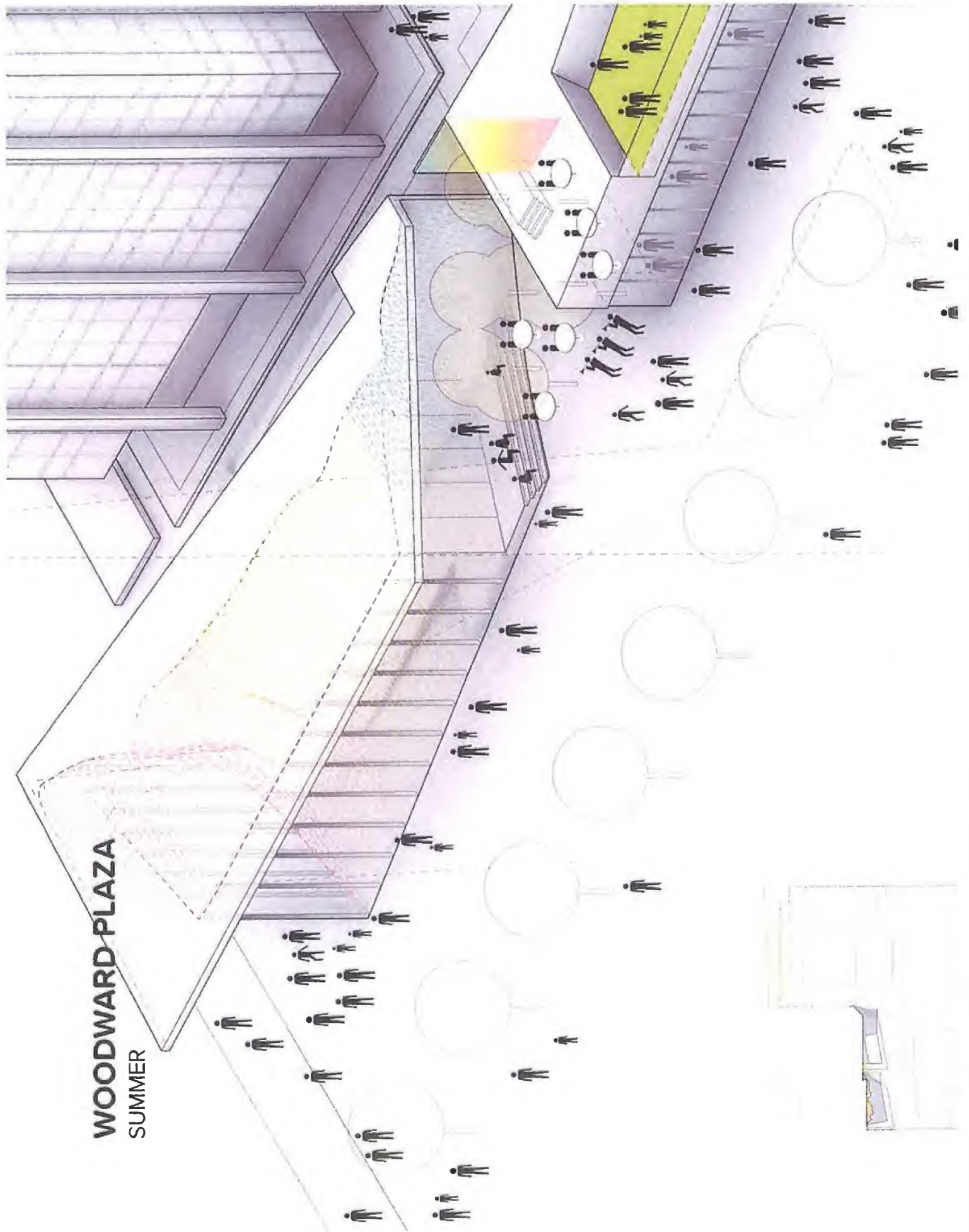
CENTRAL PLAZA

WINTER










WOODWARD PLAZA SUMMER





PROGRAMMING

-  HOTEL + CONDOMINIUMS
-  CO-LIVING HOUSING
-  MULTI-FAMILY HOUSING
-  PARKING
-  RETAIL

Luxury Boutique Hotel

- 16 Levels
- 228 keys

Luxury Condominiums

- 9 levels
- 60 units

Co-Living Housing

- 10 levels
- 500 - 550 beds

Multi-Family Housing

- 29 Levels
- 313 units

Parking

- 767 spaces

